

Party in South Africa Facing Tough Choices Over New Rights Plan

By Joseph Lelyveld
New York Times Service

CAPE TOWN — Prime Minister Pieter W. Botha's plan for extending limited political rights to two brown-skinned minority groups in South Africa, without opening the door to any effective role for the black majority, has presented the opposition in the country's white Parliament with some difficult choices.

Inevitably, the question of whether to accept or reject proposals raises the question of whether the official opposition, the relatively liberal Progressive Federal Party, will play any role in the new setup.

Some of its members are privately predicting that they will have no choice but to oppose the changes when they are formally presented to Parliament in the new year, and then to exit from the political stage.

The party's leader, Frederik van Zyl Slabbert, dismisses such forecasts as premature. But he concedes the members of his small caucus, which has 27 seats in a chamber of 177, are bound to face tough choices as individuals and as a group.

"We will finally have to decide, are we in or are we out?" Mr. Slabbert said. Asked to express his own instincts about how such a decision might go, he replied: "I'm not going to be some kind of constitutional decoration for an all-powerful executive, where I have no other role to play but simply give a questionable legitimacy to his decisions. I'm not prepared to go through the motions."

The constitutional proposals, which are expected to be enacted in the next session of Parliament, will turn the prime minister into an indirectly elected president and an indirectly elected parliament into a legislature with three racially distinct chambers — for whites, for the mixed-race people called coloreds and for South Africans of Indian descent.

The proposals appear to ensure that the president will always be

white and that no combination of forces will ever be able to outweigh the majority party in the white chamber.

Mr. Slabbert said the exclusion of blacks is a "fatal flaw, as far as I'm concerned, in seizing this opportunity of getting reform going."

The party's course of action will have more of an impact on white politics than its numbers in Parliament might suggest. If it were to fragment or bow out, English-speaking whites, including much of the business establishment, would lose their main political vehicle, so would the small but growing number of disillusioned Afrikaners who have been attracted to the party since Mr. Slabbert himself, an Afrikaner, took over its leadership.

In Mr. Slabbert's mind, the question is whether there is a role for a centrist party in a period of increasing racial polarization. At least under the existing parliamentary system, he argues, there is the theoretical possibility, if not the likelihood, that the opposition could, so would the small but growing number of disillusioned Afrikaners who have been attracted to the party since Mr. Slabbert himself, an Afrikaner, took over its leadership.

But the new system — which purports to be based on an approach to resolving conflicts in ethnically divided societies that political scientists call consociational democracy — provides that deadlocks among the three chambers be broken by yet another body in which the largest single block would be appointed by the president himself. Thus, Mr. Slabbert argued, even the theoretical possibility of dislodging the government would be eliminated.

Such a mechanism, he continued, undermines the whole theory of a consociational system, which is designed to make compromise a necessity.

The consociational groups that participate would be radicalized, he predicted, by the discovery that they cannot use their new political role to bring about basic changes in the apartheid system of racial segregation, while the excluded black majority would be alienated even further.

Asked about the generally positive stance that the United States, alone among Western governments, has been taking on the constitutional scheme, Mr. Slabbert said: "It's a rather sustained attempt at making a self-fulfilling prophecy come true. Washington's praise of the supposed reforms, he suggested, is subtly calculated to encourage genuine changes."

"I just sometimes feel," he continued, "that one has to come back to the realities of this situation here. At a time when we are seizing on constitutional proposals as a manifestation of reform, we are also tightening up on the removal of communities and the destruction of homes. The constitutional proposals bear almost no relation to the basic social-economic trends — migration to the cities, increasing rural poverty, unemployment."

Cheysson to Visit Russia For Talks Early in 1983

Paris — Claude Cheysson, the minister for external relations, will visit the Soviet Union for the first time in his capacity as foreign minister, according to a top-level diplomatic contact between France's Socialist government and Moscow, the ministry has announced.

Unofficial sources said Mr. Cheysson would probably go in February, possibly to prepare for an April meeting in Moscow between President Francois Mitterrand and the Soviet leader, Yuri V. Andropov. Some commentators saw the trip as a turning point in French-Soviet relations, which have been strained over the Soviet intervention in Afghanistan.

The commission, which is to be chaired by the two nations' foreign ministers, will deal only with trade, economic, cultural and scientific ties. It will not deal with some remaining political issues, such as the problem of Kashmir. Two of the three India-Pakistan wars since 1947 have been fought over Kashmir.

The statutes of the commission will be signed by the foreign ministers during a meeting here in March of the nonaligned nations. The commission will meet once a year alternately in New Delhi and Islamabad, officials said.

Tass Warns Europe About 'Fatal Path'

Issues Indirect Appeal To Weaken U.S. Ties

MOSCOW — Tass said Saturday that "West European countries must choose between following Washington onto a 'fatal path' of confrontation or pursuing détente by themselves."

In an indirect appeal to West European leaders to weaken or even end their alliance with the United States, the official agency said they should realize that U.S. and European interests were now divergent.

"Western Europe is now faced with an extremely important alternative, perhaps the most important one in its entire history," Tass said. "Either it will allow Washington to sidetrack it onto the fatal path of confrontation against the socialist world or it will realize its historical role and responsibility and embark on the sole sensible path, that of strengthening détente and peaceful, mutually beneficial cooperation."

Tass said Washington was committed to a crusade against communism that damages Western Europe's interests and was intended to make Europe economically and militarily more dependent on the United States.

The Tass commentary echoed appeals to West European leaders this year to reconsider the value of their alliance with Washington.

It said the relationship between Western Europe and the United States had changed dramatically since the North Atlantic Treaty Organization was founded in 1949. The United States then looked on the European countries as vassals but today Western Europe is economically and militarily more powerful than the United States, Tass said.

"Disregarding the new realities, Washington is out to regain for itself the role of undisputed leader" of the West, Tass said. By undermining East-West trading relations through sanctions, Washington wanted to weaken Western Europe's economic independence, it said.

In another article, the Communist Party daily Pravda attacked Secretary of Defense Caspar W. Weinberger for telling the Senate Foreign Relations Committee in Washington that the Soviet Union was involved in a dangerous military buildup.

Kohl Asks Russia To Rethink Stance On Disarmament

HAMBURG, West Germany — Chancellor Helmut Kohl has appealed to the Soviet Union to reconsider its stance in achieving disarmament.

"The Soviet Union is expected this year to give its answer to the West's offer to achieve peace not through more and more weapons but through the fewest possible," Mr. Kohl said in an article written for the Bild Am Sonntag newspaper Saturday.

"There can be no doubt that 1983 must end with the deployment of new missiles" in Western Europe if talks in Geneva between the United States and Soviet Union fail, he said.

Bonn has agreed to North Atlantic Treaty Organization plans to deploy 108 Pershing II and 96 cruise missiles on West German soil beginning next year to counter Soviet SS-20 missiles aimed at Western Europe.

Mr. Kohl made no specific mention of an offer made by Yuri V. Andropov, who said in a speech Tuesday that Moscow was willing to reduce its missiles in Europe from 600 to 162 if NATO scrapped plans to deploy 572 nuclear missiles in Western Europe.



Dr. Judith Xiomara Suazo Estrada with Honduras's ambassador to Guatemala, Ruben Villanueva Doblado, after leftist kidnappers released Dr. Suazo Estrada in Guatemala City.

Daughter of Honduran President Released

TEGUCIGALPA, Honduras — The daughter of President Roberto Suazo Cordova has been reunited with her father after being freed unharmed by leftist who kidnapped her Dec. 14 in Guatemala City.

Guerrillas from a previously unknown group abducted Dr. Judith Xiomara Suazo Estrada near the hospital where she works as a radiologist. They said she would be released within 48 hours of publication in Central America of a leftist manifesto.

The statement was published Wednesday, and Dr. Suazo Estrada was freed Thursday night. She flew to Tegucigalpa, the capital of Honduras, on Friday.

Publication of leftist documents is banned in Guatemala, but the government agreed to allow the publication of the manifesto at the request of the Suazo family. The statement accused the United States of using "puppet armies" to dominate Latin America. Dr. Suazo Estrada and her mother, Mr. Suazo Cordova's first wife, are Guatemalan citizens.

U.S. to Deport German For Death Camp Role

By Leslie Mairland
New York Times Service

WASHINGTON — A German citizen who lives in Chicago has been ordered deported from the United States as a former Nazi who assisted in the murder of millions of people at the neighboring death camps of Auschwitz and Birkenau from 1941 to 1945.

Allan A. Ryan Jr., who heads the Justice Department's special office for the investigation and prosecution of Nazi war criminals, said Thursday that the man, Hans J. Lipschitz, could become the first Nazi war criminal to be deported from the United States since World War II.

A deportation order was also obtained last October against Valerian Trifa, the prime of the Romanian Orthodox Episcopate of North America who had been accused of being a Nazi sympathizer and helping to incite bloody anti-Semitic riots in Bucharest in the war. But Archbishop Trifa requested to be sent to Switzerland, which would not accept him, Mr. Ryan explained, and so far no other country has agreed to admit him.

In describing the case against Mr. Lipschitz, Mr. Ryan said the department "alleged that Lipschitz had been a member of the SS Death's Head Battalion at the Nazi death camps at Auschwitz and Birkenau." As a camp guard, Mr. Lipschitz had been among those "intimately caught up in the process of killing as many people as possible as quickly as possible," Mr. Ryan said.

The deportation order against Mr. Lipschitz, 63, a retired factory worker, was signed in Chicago on Thursday by Anthony Petrone, an immigration judge. The judge

signed the order after Mr. Lipschitz agreed not to contest charges that he had lied to immigration authorities about his past activities when he entered the United States in 1956.

Mr. Ryan said the order called for Mr. Lipschitz to leave the country within 120 days and that Mr. Lipschitz had chosen to go to West Germany, whose consul in Chicago had assured the Justice Department that a passport and travel documents would soon be provided.

Mr. Ryan said no warrant was outstanding in West Germany for the arrest of Mr. Lipschitz, who was born in Lithuania. He said Mr. Lipschitz had waived his right to a trial when he agreed to leave the United States permanently.

"By refusing to dispute the charges, he's admitted the charges are true," Mr. Ryan said. He said the Justice Department lacked jurisdiction to prosecute the underlying charges that Mr. Lipschitz committed crimes in the war and could only prosecute former Nazis for entering the United States illegally or fraudulently by failing to disclose their activities as Nazis.



Hans J. Lipschitz

Vatican and Italy Form Panel on Bank Links

By Henry Kamm
New York Times Service

ROME — The Vatican and the Italian government have announced the formation of a commission to study the relationship between the Vatican bank and the Banco Ambrosiano, which collapsed in August.

The failure of the Milan-based Banco Ambrosiano, Italy's largest private bank, brought into the open the links between the banks as well as the fact that the Vatican bank, the Institute for Works of Religion, had issued two letters of patronage for dubious Banco Ambrosiano lending operations in Latin America.

The letters, signed by the Vatican bank president, Archbishop Paul C. Marcinkus, have led to assertions by government officials that the Vatican shares responsibility for the Banco Ambrosiano debts, which may amount to \$1.4 billion.

After several months of silence, the Vatican made public its view of the case a month ago, when the issue was discussed at a meeting of the College of Cardinals. Addressing the prelates, the Vatican secretary of state, Cardinal Agostino Casaroli, said the church bank had been victimized by Banco Ambrosiano.

The cardinal did not mention by name Roberto Calvi, the president of Banco Ambrosiano, who was found hanging from a London bridge in June.

Mr. Calvi, whose death was declared a suicide, conducted his bank's relationship with the Vatican bank. At his death, he was free on appeal of a four-year prison sentence for illegal currency dealings.

Closing the four-day meeting of cardinals on Nov. 26, Pope John Paul II pledged the Vatican's full cooperation with the Italian authorities. However, no Vatican official has acknowledged any liability on the part of the Roman Catholic Church for any of the unpaid loans. The Vatican contends it owes nothing since it received no money from Banco Ambrosiano.

The announcement Friday on the investigating panel said the

Brezhnev Protégé Sent To Romania as Envoy

MOSCOW — Yevgeny Tyazhelnikov, 58, a protégé of the late President Leonid I. Brezhnev who was removed from his post as chief of the Communist Party's propaganda department earlier this month, has been named ambassador to Romania, Tass reported Sunday.

Soviet sources had said that Mr. Tyazhelnikov would be replaced by Boris I. Shukalin, 59.

WORLD BRIEFS

China Concedes Opposition Exists

PEKING (LAT) — The Communist Party newspaper, the People's Daily, acknowledged in a front-page commentary Sunday that Deng Xiaoping's political and economic policies of the past four years were still meeting serious resistance from leftists.

The newspaper attributed opposition to Mr. Deng to a failure by party and government officials to assess the effectiveness of the policies and their popularity. It said that "some comrades even now do not completely understand" why the policies of the party "have won the enthusiastic support of the people."

The commentary marked the 89th anniversary of Mao's birth. A new collection of Mao's writings was published Sunday, but the writings support Mr. Deng's pragmatism. Based on essays and reports on rural conditions first put out in 1941, the book emphasizes the need to base policies on actual conditions, not on theory and dogma. It is the first such book published in four years.

Encounter With Wallenberg Reported

TEL AVIV (AP) — An Israeli newspaper quoted a recent immigrant from the Soviet Union as saying that in 1972 he met and spoke with Raoul Wallenberg, the Swedish diplomat who is credited with saving thousands of Hungarian Jews from the Nazis and whose fate has been a mystery since 1945.

The immigrant, Asher Hanukaiev, said he had spoken with Mr. Wallenberg during a four-day period in Sverdlovsk Prison in Soviet Eastern Europe, the newspaper Ha'aretz reported Sunday. Mr. Hanukaiev was quoted as telling a local newspaper, Sheva, in the southern town of Beersheba, that Mr. Wallenberg "lay on a stretcher, and he told me he had trouble in the stomach." The Soviet Union has insisted that Mr. Wallenberg is dead.

Mr. Hanukaiev said Mr. Wallenberg had told him that he had been arrested by the Soviet authorities because he had helped to save Jews from Nazi extermination camps. Ha'aretz reported. Mr. Hanukaiev is the first recent witness to have claimed actually to have spoken with Mr. Wallenberg over a protracted period. It was not clear why Mr. Hanukaiev was in prison.

Reagan Urges Afghanistan Solution

WASHINGTON (Reuters) — President Ronald Reagan, marking the third anniversary of the Soviet intervention in Afghanistan, said Sunday that the occupation by Soviet troops was not a success, and he urged Moscow's new leaders to work for a peaceful solution.

"The United States does not intend to forget these brave people and their struggle," the president said in a statement. He continued: "We hope that the new leadership of the Soviet Union will take advantage of the opportunities the new year will no doubt offer to achieve a solution for Afghanistan." He also repeated U.S. allegations that Moscow was using chemical warfare in Afghanistan, but he did not elaborate.

"Afghanistan is important to the world because the Afghan people are resisting Soviet imperialism," he said. Even with forces numbering almost 105,000, the Soviet Union cannot control the countryside or secure many cities and has failed to rebuild the Afghan Army or create an effective government, Mr. Reagan said.

Egyptian Extremists Plead Not Guilty

CAIRO (UPI) — Standing in iron cages, 278 Moslem extremists being tried on charges of conspiracy to overthrow the government pleaded not guilty during 11 hours of hearings conducted Saturday and Sunday by the State Security Court.

Forty-three defendants were questioned by the court Saturday and 235 were questioned Sunday. Two persons were absent because of illness and 20 are being tried in absentia.

They are accused of conspiring to overthrow the government, of establishing a paramilitary organization, or of murder or attempted murder. All the charges carry the death penalty.

De Lorean's Bail Cut to \$5 Million

LOS ANGELES (LAT) — Bail for John Z. De Lorean, 57, the automaker who is charged with conspiring to import cocaine, has been reduced from \$10 million to \$5 million by U.S. District Judge Robert Takasugi. The judge said by way of explanation only that the court had considered the argument of counsel and all pleadings and other documents filed.

In a filing made public Thursday, Judge Takasugi also ordered that all documents in the case be filed under seal to his chambers so he could decide whether to release them publicly. Judge Takasugi indicated in the order that he would balance the defendant's right to a fair trial with the First Amendment rights of the public to know about it when making his determination about disclosure.

Meanwhile, Consolidated International, an Ohio-based company that specializes in buying spare parts for discontinued cars and which offered early last month to acquire Mr. De Lorean's holdings in the United States and Northern Ireland in a deal said to be worth about \$84 million, said it would not exercise its option to purchase the plant and equipment of the De Lorean Motor Company in Belfast, Reuters reported from Miami.

Papandreou Approves Return of Leftist Exiles

New York Times Service

ATHENS — Andreas Papandreou, Greece's Socialist prime minister, has announced that thousands of Greek Communist refugees living in exile in Eastern Europe "can return whenever they want."

In a Christmas Day television broadcast, which he described as one of "national political reconciliation," Mr. Papandreou said of the refugees: "Their sufferings away from their motherland, their political imprisonment, must come to an end. We are opening our arms to welcome the refugees home."

The prime minister said no bureaucratic formalities would be re-

quired for the Communist refugees to have their Greek citizenship restored and permission granted for repatriation.

He said a "simple application" should be made and that the ministers of public order and the interior would push through procedures for the return of refugees without any specific legislation.

The refugees fled to Eastern Europe after the defeat of the Communists in the 1944-49 civil war. Of those remaining today, 75 percent are 40 or younger, meaning that they were born in Eastern Europe or are too young to have had direct involvement in the civil war.

Greek Communist refugee groups enthusiastically welcomed the announcement, which will affect as many as 30,000 refugees remaining in Eastern Europe. But they also voiced skepticism over the lack of parallel financial measures for their return.

"I have been on the phone all day speaking to Greek community leaders in all Eastern European capitals, and they are asking if they should start packing their bags immediately or wait for the next step," said Mitos Papadimitriou, the president of the Committee for the Repatriation of Greek Refugees.

"I tell them that our lifelong problem is at last on the final road to a solution but that they must also wait for the material assistance that must come with it," he said.

Mr. Papadimitriou said that time would be required to develop financial agreements with the Eastern bloc nations to cover the needs of the refugees.

Repatriation of refugees in Eastern Europe had begun in 1974 under Greek conservative governments but in a slow process of individual application and careful scrutiny by security police.

Official figures show that of the 60,000 Greeks in Eastern Europe then, 24,700 have returned. More than 5,000 others have permits to return but are not doing so because of the financial hardships involved. There are 29,940 left who stand to benefit from the new measure, the government said. The largest group is in the Soviet Union.

Zimbabwe Abduction: Long Silence

Dissidents and 6 Seized in July Seem to Have Vanished

New York Times Service

SEATTLE — Every morning before breakfast, William H. Ellis receives a call from the State Department. On most days the message is the same: "Good morning, this is P.J. We have nothing from Zimbabwe. If things change, we will call later on."

In a sense, the calls are reassuring. Yet, as daily reminders of how powerless Mr. Ellis and his wife are in their efforts to discover whether their son is still alive, they perpetuate a state of limbo.

Late last July, Kevin Ellis, 24, and five other tourists on a photography safari were kidnapped by political dissidents who said they would kill the hostages within a week if two political prisoners loyal to Zimbabwe's opposition leader, Joshua Nkomo, were not released.

Prime Minister Robert Mugabe refused to capitulate to the demands, and the two prisoners are expected to be tried Jan. 10.

The paramilitary dissidents and their hostages have not been heard from since. Mr. Mugabe sent 2,000 soldiers to sweep southwest Matabeleland, Mr. Nkomo's tribal stronghold, but the dissidents have eluded detection. They have ignored Mr. Nkomo's pleas that they free the hostages.

"We believe and trust in God that the hostages are alive," said Mr. Ellis. "They are political tools, so there would be no point in killing them. But when we do not know what is happening, it constantly chips away at us."

The State Department fears that

much publicity on the incident could "spook" the captors, according to an aide of Senator Henry M. Jackson of Washington.

For weeks after the kidnapping, Mr. Ellis and his wife, Dorene, got in touch each day with Brooks and Kay Baldwin, longtime friends in Walnut Creek, California, whose son Brent, 23, was also kidnapped.

The two young men had been childhood friends in Singapore, where Mr. Ellis managed a hotel chain and Mr. Baldwin was a vice president with BankAmerica Corp. Kevin and Brent were roommates before graduating recently from the University of Washington.

By September, the families believed they were being ignored by the Reagan administration, when they compared their situation to the controversy that surrounded the Iranian hostages. "Kay and I felt President Reagan was not participating enough and needed a kick in the pants to get him moving," Mrs. Ellis said.

She instigated a telegram and letter-writing campaign aimed at Congress and the White House. It generated 20,000 messages, Mrs. Ellis estimated.

Edward E. Carlson, chairman of the parent company of the hotel chain where Mr. Ellis is now a vice president, sent letters to friends in the State Department. About 900 students of the high school Kevin went to signed a petition and put up banners asking, "Where is Kevin Ellis?"

At the urging of the parents, 80 congressmen sent a message to Mr. Mugabe. As the search continued

in Zimbabwe, Senator S.I. Hayakawa, Republican of California, introduced a resolution commending Zimbabwe for its assistance.

Senator Jackson met with Mr. Ellis and at times called him between floor votes with updates. "He assured us things were happening but for security reasons he could not say what was going on," Mr. Ellis said.

By November the surge of interest had subsided. The nerve-racking silence from the kidnappers continued. In desperation, Mrs. Ellis contacted families of former political hostages, seeking possible courses of action.

The mother of a former Colombian hostage said a tape recording she had made had been instrumental in her son's release. Mrs. Ellis suggested that all of the mothers of the Zimbabwe hostages — two are from England and two from Australia — record messages to appeal directly to the captors.

"We asked the dissidents to release the hostages and to let them get on with their lives," she said. The tape has been playing on Zimbabwe radio stations since Nov. 11. The dissidents have not responded.

■ Attacks in Zimbabwe Kill 3
The police in Harare, Zimbabwe, said Sunday that three persons were killed and several wounded Friday night when dissidents opened fire on vehicles and a train in Matabeleland on the main road and nearby rail line between Bulawayo, Zimbabwe's second largest city, and Gweru, the third largest, Reuters reported.

New York Tourism Declines Slightly; Spending Steady

New York Times Service

NEW YORK — A surge of tourists and business visitors in the last three months has caused New York City to come close to matching last year's figures, according to city tourism officials.

There was a slight decline in the estimated number of visitors this year, but they spent as much as did visitors during 1981, the officials said.

The chairman of the New York Convention and Visitors Bureau, Preston Robert Tisch, said that this year's 16.9 million visitors spent \$2.1 billion. That produced nearly \$200 million in direct tax revenues during the year, he said.

The tourist boom that began in 1976 is continuing, and it's one of the city's major economic strengths, he said.

Protest by Russia Rejected in Paris

United Press International

PARIS — Sixty French television journalists have said in a declaration that the Soviet Union should put its own house in order instead of complaining about the three French television networks.

The journalists rejected on Friday a Soviet Embassy protest note to the three government-owned French TV networks that said they had launched a "vast campaign aimed at falsifying facts and fooling the population" about the Soviet Union. The Soviet letter cited coverage of the so-called Bulgarian connection in the 1981 assassination attempt on Pope John Paul II.

The Paris journalists said they had noted the manner in which Tass and other East European news agencies who joined in the complaint cover certain world events, "so we can say to the givers of advice that they will be better inspired to begin by sweeping in front of their own door."

New Plans in Congress for a Job Bill Illustrate the Trend to Buck Reagan

By Martin Tolchin

New York Times Service

WASHINGTON — The leaders of the House and Senate have agreed to reintroduce legislation to create public-works jobs when Congress reconvenes Jan. 3, and they say they expect President Ronald Reagan to support such an effort.

Howard H. Baker Jr. of Tennessee, the leader of the Senate majority, said that he and House Speaker Thomas P. O'Neill Jr., a Massachusetts Democrat, say they expect a public-works job bill to be at the top of the agenda of the new Congress.

Both say that they expect the president, who has assailed such programs as counterproductive "make-work" legislation, to reverse himself and support the measure in an effort to reduce unemployment, now at 10.8 percent.

A White House spokesman said Friday night that there was "no truth" to the notion that Mr. Reagan would drop his opposition to such programs. In an interview with the 97th Congress drew to a close, Senator Baker said, "I would anticipate that the president will support some form of jobs program."

Both the House and Senate approved separate public-works job bills in the postelection session of Congress, but they were withdrawn under threat of a presidential veto.

However, Mr. O'Neill and Mr. Baker persuaded Mr. Reagan to endorse a highway repair program, financed by a gasoline tax increase, that supporters say will create 320,000 jobs, and they expect to work together again on a public-works job program that will win the president's support.

The frenzied finale, in which lawmakers approved a stopgap spending bill and the highway program, contrasted with the languid start of the second session of the 97th Congress, in which the legislators spent four months sorting out budget priorities.

As in the past, Congress hunched from one spending crisis to the next, and its failure to adopt individual spending bills led the president to request a postelection session that only confirmed Congress' inability to meet spending deadlines.

The legislators, responding to a worsening economy and rising unemployment, did show increasing independence. They rewrote Mr.

Reagan's budget, increased taxes and rejected his plea for a constitutional amendment that would require a balanced budget.

But Mr. Reagan left his philosophical imprint on them, and he succeeded in continuing to reduce the size and scope of government, as reflected in the budget adopted by Congress.

The president also continued to set the congressional agenda, and although Congress may have nibbled around the edges, it generally accepted his priorities. Congress rejected Mr. Reagan's proposed increase in military spending, for example, and denied him production funds for the MX missile, but it approved the largest peacetime increase in military spending in history.

Similarly, Congress followed the president's agenda set by the first session, although it did not go along with all the cuts in social programs proposed by Mr. Reagan and especially rebelled against a plan to reduce the Social Security deficit.

Republicans on Capitol Hill became increasingly sensitive to Democratic allegations that Mr. Reagan was riding the rich at the expense of the poor and sought both to lessen the impact of a domestic cuts and to close tax "loopholes" for the rich.

Yet Mr. Reagan proposed, and Congress approved, the largest deficit in the nation's history as rising unemployment deprived the government of revenues and placed added demands on benefits and services. The Democrats said military spending and the tax cut sought by Mr. Reagan caused the large deficits, while Republicans held that they were the results of decades of Democratic profligacy.

Congress gave short shrift to the president's proposal of a "new federalism," which would give more power to the states but make them bear the cost of more programs, and it also spurned his plan to abolish the Energy and Education Departments.

Congress also rejected the president's agenda on social issues, including abortion, busing and officially sanctioned school prayer. These issues had been a major focus of Mr. Reagan's 1980 campaign, but he had placed them on the back burner until Congress acted on his economic program.

Conservatives had viewed Mr. Reagan's election and a Republican-controlled Senate as a singular opportunity for action on those issues, but they were thwarted by filibusters conducted by Senate liberals.

The president's threats to campaign against incumbent members of Congress, which helped him win approval of his budget and tax proposals in the first session, lost their potency in the year when the nation was divided.

As the session drew to a close, leaders of the Republican-controlled Senate and the Democratic-controlled House entered into a spirit of cooperation, and Mr. Reagan became increasingly isolated from Capitol Hill.

Social Security reforms, which members of both parties acknowledged were needed to preserve the solvency of the system, were left unaddressed. Democrats exploited the issue in the congressional campaigns, and both they and the Republicans were apparently fearful of alienating voters by recommending either a reduction in benefits or an increase in taxes that most agreed were needed.

Also left uncompleted was legislation to revise the immigration laws, a revision of the regulatory process, a bankruptcy bill and legislation to ease the burden of the federal estate tax.

Captive Is Released in Italy
UNITED PRESS INTERNATIONAL
CATANZARO, Italy — Kidnappers freed a southern Italian landowner late Saturday after holding him for nearly five months, police reported Sunday.

Police said that Stefano Pellegrino, who was kidnapped Aug. 8, was in "precarious" condition.

Reagan's budget, increased taxes and rejected his plea for a constitutional amendment that would require a balanced budget.

But Mr. Reagan left his philosophical imprint on them, and he succeeded in continuing to reduce the size and scope of government, as reflected in the budget adopted by Congress.

The president also continued to set the congressional agenda, and although Congress may have nibbled around the edges, it generally accepted his priorities. Congress rejected Mr. Reagan's proposed increase in military spending, for example, and denied him production funds for the MX missile, but it approved the largest peacetime increase in military spending in history.

Similarly, Congress followed the president's agenda set by the first session, although it did not go along with all the cuts in social programs proposed by Mr. Reagan and especially rebelled against a plan to reduce the Social Security deficit.

Republicans on Capitol Hill became increasingly sensitive to Democratic allegations that Mr. Reagan was riding the rich at the expense of the poor and sought both to lessen the impact of a domestic cuts and to close tax "loopholes" for the rich.

Yet Mr. Reagan proposed, and Congress approved, the largest deficit in the nation's history as rising unemployment deprived the government of revenues and placed added demands on benefits and services. The Democrats said military spending and the tax cut sought by Mr. Reagan caused the large deficits, while Republicans held that they were the results of decades of Democratic profligacy.

Congress gave short shrift to the president's proposal of a "new federalism," which would give more power to the states but make them bear the cost of more programs, and it also spurned his plan to abolish the Energy and Education Departments.

Congress also rejected the president's agenda on social issues, including abortion, busing and officially sanctioned school prayer. These issues had been a major focus of Mr. Reagan's 1980 campaign, but he had placed them on the back burner until Congress acted on his economic program.

Conservatives had viewed Mr. Reagan's election and a Republican-controlled Senate as a singular opportunity for action on those issues, but they were thwarted by filibusters conducted by Senate liberals.

The president's threats to campaign against incumbent members of Congress, which helped him win approval of his budget and tax proposals in the first session, lost their potency in the year when the nation was divided.

As the session drew to a close, leaders of the Republican-controlled Senate and the Democratic-controlled House entered into a spirit of cooperation, and Mr. Reagan became increasingly isolated from Capitol Hill.

Social Security reforms, which members of both parties acknowledged were needed to preserve the solvency of the system, were left unaddressed. Democrats exploited the issue in the congressional campaigns, and both they and the Republicans were apparently fearful of alienating voters by recommending either a reduction in benefits or an increase in taxes that most agreed were needed.

Also left uncompleted was legislation to revise the immigration laws, a revision of the regulatory process, a bankruptcy bill and legislation to ease the burden of the federal estate tax.

Captive Is Released in Italy
UNITED PRESS INTERNATIONAL
CATANZARO, Italy — Kidnappers freed a southern Italian landowner late Saturday after holding him for nearly five months, police reported Sunday.

Police said that Stefano Pellegrino, who was kidnapped Aug. 8, was in "precarious" condition.

Saudi Sheikh Charged In Sale of Stolen Ring

By Alison Muscatine

Washington Post Service

WASHINGTON — A Saudi sheikh was arrested in Washington after he allegedly offered to sell a stolen \$1.2-million ring to an undercover FBI agent. He was later released on bond.

Allal al-Fassi, 21, who is related by marriage to the Saudi royal family, was arrested Friday and charged with international transportation of stolen goods, punishable by up to 10 years in prison or a \$10,000 fine.

Judge Frank E. Schwab of the District of Columbia Superior Court released Sheikh Fassi on \$25,000 bond Saturday and ordered him to remain in the Washington area until a federal hearing Monday.

Sheikh Fassi is the brother of Mohammed al-Fassi, 28, who became the source of some embarrassment to the royal family for his widely publicized marital problems, lavish spending and an initial failure to pay a \$1-million bill at a hotel in Florida.

There were unconfirmed reports Saturday that Mohammed al-Fassi had returned to Saudi Arabia on orders from the Saudi government and that a directive had been issued to Allal al-Fassi to return home by Monday.

Allal al-Fassi's attorney, Richard Beo-Veniste, a former Watergate prosecutor, described his client as a "self-employed businessman and investor" who had been "invited" to the United States last week by an undercover FBI agent "to discuss some merchandise."

Sheikh Fassi gave a Florida address and said he had lived in the United States on and off for

two years. Court records described him as unemployed and said his sole source of income was his family.

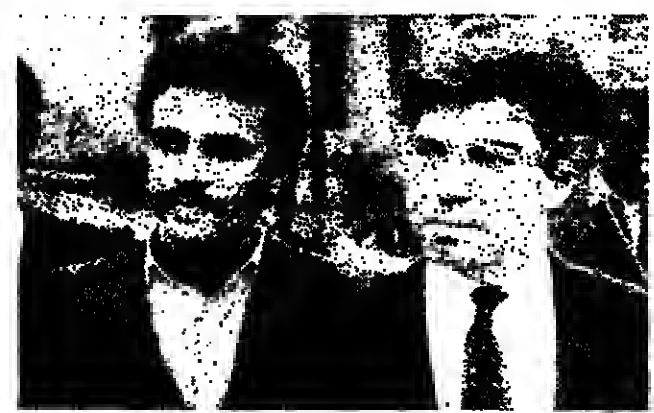
"Apparently this was an undercover sting operation," said Mr. Beo-Veniste, who was asked by the royal family to defend Sheikh Fassi. "Surprisingly, this time they [the FBI agents] were not dressed like sheikhs," he said, in reference to the FBI's Alaskan case, in which congressmen took payoffs from agents who had posed as Arab sheikhs.

Sheikh Fassi's arrest was the culmination of an FBI operation that began in April when a jewel dealer discovered that an emerald-and-diamond ring was missing after a private showing of rare jewels for members of the Saudi royal family.

According to court records, Albano Bochatty, the director of the European branch of Harry Winston Inc. in New York, flew from Geneva to Florida in April to conduct a showing at the home of Prince Turki bin Abdul Aziz, who is married to Sheikh Fassi's sister. According to an FBI report, the jewels were passed around among interested buyers.

The next morning, court records say, Mr. Bochatty found that the gold ring, set with a 22.7-carat square emerald and 21 round diamonds and valued at about \$1.2 million, was missing.

On Friday, Michael R. Hartman, an FBI special agent, met Sheikh Fassi in Washington, according to court records. Sheikh Fassi told Mr. Hartman he had flown from Paris that morning, by way of New York, and had



Sheikh Allal al-Fassi, left, leaving court in Washington after arraignment, with his attorney, Richard Ben-Veniste.



The emerald-and-diamond ring, valued at \$1.2 million, that Sheikh Fassi allegedly tried to sell to an undercover FBI agent.

brought with him a ring that he was willing to sell for \$350,000 to \$370,000.

Mr. Hartman, in his affidavit, said the ring matched the stolen one "in every detail." He said

Sheikh Fassi told him he had no bill of sale or proof of ownership.

After his arrest, Sheikh Fassi maintained that he had bought the ring in London for \$500,000.

For Christmas, Reagan Gives Gifts of Pardon

By Leslie Maitland

New York Times Service

WASHINGTON — E. Howard Hunt and Jeb Stuart Magruder did not receive the special Christmas gift each had hoped for from President Ronald Reagan this year.

But a father who was convicted of stealing \$10 when he worked as a postal clerk 10 years ago had his wish granted. And so did the mechanic who, as a soldier in Germany in 1948, was court-martialed and sentenced to a year's hard labor for an assault in a bar over a card game.

The farmer, the mechanic and 60 other people received pardons for their federal crimes, and they will regain the civil rights they lost when they were convicted.

While pardons are actually granted in batches all through the year, it is traditional for the Justice Department to attempt to grant a large number in time for Christmas.

The requests of Mr. Hunt and Mr. Magruder, however, have not been decided. Both men, who were convicted of crimes in the Watergate scandal, may suffer from what the department's acting pardon attorney, David L. Stephenson, says is a tendency to be more strict.

"Going back to Watergate, there's been a progressive movement through one administration after another to be stricter about granting pardons," Mr. Stephenson said. "There's a much greater reluctance to grant pardons so readily. Standards are much stricter these days."

Too strict, some say. Terrence B. Adamson, who served as a top Justice Department official under Attorney General Griffin Bell in the Carter administration, observed that department lawyers were trained as prosecutors and might tend toward harshness in determining who merits mercy.

Mr. Stephenson described the shifts in policy that have occurred under various administrations. Presidents Kennedy and Johnson were among the most forgiving, he said, and Mr. Johnson granted a record 364 pardons and 81 commutations of sentences in 1966.

He then received so much criticism that he stopped pardoning entirely, Mr. Stephenson said. When Richard M. Nixon took office, the backlog of applications was so great that none was granted in his first year in office.

Mr. Nixon, of course, received the country's most famous and unorthodox pardon. Gerald R. Ford granted it before Mr. Nixon had even been charged with a crime, and he unconditionally forgave all federal offenses his predecessor "committed or may have committed or taken part in" while in office.

But that one was handled entirely in the White House, Mr. Stephenson said. "This office was not consulted."

Pardons are generally not granted that way. To be eligible, a person must have not only been charged and convicted but also have finished the sentence. Most applicants then must wait five to seven years, Mr. Stephenson said. They must prove that they have changed, and any blot marks on their records — further arrests and convictions — are weighed heavily against them.

According to Associate Attorney General Rudolph W. Giuliani, every request is subject to a detailed inquiry by the Federal Bureau of Investigation, which conducts as many as 50 interviews for each applicant.

The case is next studied by the pardon attorney, who makes a judgment that Mr. Giuliani reviews. His judgment, in turn, goes to Fred F. Fielding, the White House counsel who re-examines the files and makes his own decision. Every request is then presented to the president for his concurrence.

Mr. Fielding said, "We certainly look at them with a view toward a strong law-and-order requirement for the country, but if people have paid their debt to society and are leading lives that show they want to make a contribution to society, we certainly take that into account, too."

For some of the applicants, more than honor hinges on the decision. One man whose handwritten plea to the president is now being considered explained that he needed a pardon to become a bartender. His statement assistant, Mr. Reagan, that he was no longer gambling, the crime for which he wanted forgiveness.

Besides qualifying for specific employment, applicants may seek the right to vote, sit on juries or hold public office. Many others simply seek to desire to see their names cleared and their achievements acknowledged.

Mr. Nixon, of course, received the country's most famous and unorthodox pardon. Gerald R. Ford granted it before Mr. Nixon had even been charged with a crime, and he unconditionally forgave all federal offenses his predecessor "committed or may have committed or taken part in" while in office.

But that one was handled entirely in the White House, Mr. Stephenson said. "This office was not consulted."

Pardons are generally not granted that way. To be eligible, a person must have not only been charged and convicted but also have finished the sentence. Most applicants then must wait five to seven years, Mr. Stephenson said. They must prove that they have changed, and any blot marks on their records — further arrests and convictions — are weighed heavily against them.

According to Associate Attorney General Rudolph W. Giuliani, every request is subject to a detailed inquiry by the Federal Bureau of Investigation, which conducts as many as 50 interviews for each applicant.

The case is next studied by the pardon attorney, who makes a judgment that Mr. Giuliani reviews. His judgment, in turn, goes to Fred F. Fielding, the White House counsel who re-examines the files and makes his own decision. Every request is then presented to the president for his concurrence.

Mr. Fielding said, "We certainly look at them with a view toward a strong law-and-order requirement for the country, but if people have paid their debt to society and are leading lives that show they want to make a contribution to society, we certainly take that into account, too."

For some of the applicants, more than honor hinges on the decision. One man whose handwritten plea to the president is now being considered explained that he needed a pardon to become a bartender. His statement assistant, Mr. Reagan, that he was no longer gambling, the crime for which he wanted forgiveness.

Besides qualifying for specific employment, applicants may seek the right to vote, sit on juries or hold public office. Many others simply seek to desire to see their names cleared and their achievements acknowledged.

Mr. Nixon, of course, received the country's most famous and unorthodox pardon. Gerald R. Ford granted it before Mr. Nixon had even been charged with a crime, and he unconditionally forgave all federal offenses his predecessor "committed or may have committed or taken part in" while in office.

But that one was handled entirely in the White House, Mr. Stephenson said. "This office was not consulted."

Pardons are generally not granted that way. To be eligible, a person must have not only been charged and convicted but also have finished the sentence. Most applicants then must wait five to seven years, Mr. Stephenson said. They must prove that they have changed, and any blot marks on their records — further arrests and convictions — are weighed heavily against them.

According to Associate Attorney General Rudolph W. Giuliani, every request is subject to a detailed inquiry by the Federal Bureau of Investigation, which conducts as many as 50 interviews for each applicant.

The case is next studied by the pardon attorney, who makes a judgment that Mr. Giuliani reviews. His judgment, in turn, goes to Fred F. Fielding, the White House counsel who re-examines the files and makes his own decision. Every request is then presented to the president for his concurrence.

Mr. Fielding said, "We certainly look at them with a view toward a strong law-and-order requirement for the country, but if people have paid their debt to society and are leading lives that show they want to make a contribution to society, we certainly take that into account, too."

For some of the applicants, more than honor hinges on the decision. One man whose handwritten plea to the president is now being considered explained that he needed a pardon to become a bartender. His statement assistant, Mr. Reagan, that he was no longer gambling, the crime for which he wanted forgiveness.

Besides qualifying for specific employment, applicants may seek the right to vote, sit on juries or hold public office. Many others simply seek to desire to see their names cleared and their achievements acknowledged.

U.S. Paper Tells Reporters to Reveal Sources

By Robert Lindsey

New York Times Service

LOS ANGELES — Two reporters for a suburban newspaper here have been directed by their publisher to break a pledge of confidentiality and to identify publicly their sources for a 1981 article linking a former hostage in Iran to drug dealing.

Associates of the reporters said they planned not to comply with the unusual order, which drew expressions of concern from many professional journalists.

The directive by J. Scott Schmidt, publisher of the Daily News, which is distributed in the San Fernando Valley area of Los Angeles, followed a decision by Judge Sara Radin of Los Angeles County Superior Court. Judge Radin granted a default judgment for the former hostage, Jerry Plotkin, in a libel suit against the newspaper and the reporters. The reporters had refused to obey Judge Radin's order on Oct. 7 to identify their sources for the article.

The default judgment means Mr. Plotkin has technically won the suit, subject to rehearing, though no damages were set.

Mr. Plotkin, a businessman, was one of 52 Americans who were released Jan. 20, 1981, after being held captive for 444 days by Iran. He was the only hostage in the group who was not an employee of the U.S. government.

On the day of the hostages' release, the Daily News carried a front-page article under the bylines of Adam Dawson and Arnie Friedman asserting that Mr. Plotkin had been the subject of a drug investigation by the Los Angeles Police Department before his captivity. The article suggested he might have been in Iran on a drug-buying mission when he became a hostage.

Mr. Plotkin, 48, denied the report and sued the newspaper for libel. He is seeking \$50 million in damages.

In more than a year of pretrial proceedings, the Daily News had supported the reporters' decision not to disclose the sources of the article. They said they had received the information only after giving assurances that the sources would not be identified.

On Wednesday, however, six days after Judge Radin granted the default judgment, the paper asked her to reconsider the decision at a hearing Jan. 10. Mr. Schmidt, the publisher, submitted a statement saying he had advised the reporters that "it is the publisher's policy to comply with the court's order," adding: "I ordered said reporters to so comply. To date, the said reporters have not complied with my order."

The Daily News, which has a circulation of 135,000, is published by the Tribune Co. of Chicago, which also publishes the Chicago Tribune, the New York Daily News and other publications.

Mr. Dawson and Mr. Friedman declined to be interviewed, but colleagues at the government said that he was evacuated because of frequent guerrilla attacks.

The Defense Ministry said a rescue helicopter came under machine-gun fire as it approached the burning wreckage.

The Sandinista leadership has rejected speculation that the helicopter was simply overloaded. Instead, it characterizes the crash as an example of what the United States and exile forces on the border are doing to the Nicaraguan people.

The first announcement came from Culture Minister Ernesto Cardenal, who interrupted a speech inaugurating a Latin American art exhibit the night of

leagues at the Daily News said the two reporters had told them that they had decided not to obey the order. A close associate of Mr. Dawson, however, said his decision was not final. "He's not sure he wants to be a martyr," the associate said.

According to reporters at the Daily News, Mr. Dawson was summoned to a meeting with Mr. Schmidt and senior editors of the paper Dec. 19 and agreed, under

pressure, to tell them the source of the article. But he said he would do so only if they agreed to give the information to the court only with his consent, and the executives refused.

The issue of whether a reporter has a right to maintain the confidentiality of sources has risen increasingly in civil and criminal litigation in recent decades. Reporters generally have argued that their ability to shield the identity of sources is essential if they are to

serve the public, because many people, out of self-interest or fear, would not otherwise give them information.

Many lawyers, on the other hand, contend that reporters' claims of such privilege impede the ability of courts to administer justice. In 1968 cases in particular, they argue, it is improper for reporters to claim such a privilege because it can be abused by publications' efforts to protect themselves from court judgments.

2 Lawmakers Question Plan to Let Secret Service Use FBI Computer

By David Burnham

New York Times Service

WASHINGTON — Attorney General William French Smith has approved a plan that would allow the Secret Service to use an FBI computer system to keep track of people it believed might pose a threat to officials guarded by the Secret Service.

Until now, the Federal Bureau of Investigation's computer has been mostly limited to holding information about people who have been accused of a crime, not those viewed as potential suspects.

The Justice Department's plan to broaden the computer's scope without the approval of Congress has been criticized by the Democratic chairman and the senior Republican of the House Subcommittee on Civil and Constitutional Rights.

The criticism came in a letter sent to the attorney general by Representative Don Edwards, a California Democrat, and Representative F. James Sensenbrenner Jr., a Wisconsin Republican.

While praising the goal of improving protection of the president, the congressmen said they had "serious reservations" about the proposal and questioned the Justice Department's authority to begin the operation "in the absence of specific legislation."

A spokesman for the department said there would be no immediate response.

Under the proposal, the Secret Service would be allowed to place names of potential suspects in the bureau's computer system. The names would be present a threat to the president, vice president, presidential candidates, visiting heads of state and others for whom the service is responsible.

The FBI computer, known as the National Crime Information Center, is the heart of one of the largest and most elaborate communication systems in the world. It links 64,000 federal, state and local justice agencies.

According to William H. Webster, director of the FBI, the Secret Service receives 9,000 reports a year about people who might represent a threat. But only 300 to 400

at one time, he said, are determined to be dangerous.

Placing the names of the suspects in the bureau's computer would accomplish two law-enforcement goals. The Secret Service would be immediately informed when one of its suspects was arrested. Conversely, the computer would enable local and state law enforcement officers to determine quickly whether an individual they were considering arresting or had arrested was a Secret Service suspect.

The two congressmen said there were many questions that were resolved before the system should be permitted to operate.

"What are the criteria by which individuals are placed on the Secret Service list?" they asked in their Dec. 17 letter to Mr. Smith. "Are these criteria subject to change? What restrictions are placed on the dissemination of information once it is received by local police? What remedy, if any, does an individual have — and against whom — if the information is improperly disseminated?"

"In addition, what assurance do we have that this system will not evolve into the sort of system maintained by the Secret Service in the 1970s — 'dangerousness' and 'threat' were interpreted to include political dissent?"

Government Fails to Aid Homeless, 7 New York Religious Leaders Allege

New York Times Service

NEW YORK — Seven of New York City's most prominent religious leaders have accused government officials of failing to aid the homeless, whose numbers were described as having reached "crisis proportions."

At a news conference at the Cathedral of St. John the Divine in Manhattan, Protestant, Catholic, Jewish and Muslim leaders said Friday that they recognized an obligation of religious institutions to help the homeless. But they said such aid was primarily the responsibility of government.

"The number of poor and homeless has reached crisis proportions," said the Episcopal bishop of New York, Paul Moore Jr. "This problem will only be solved by public policy."

A year ago, Mayor Edward I. Koch called on religious organizations to help shelter the homeless.

The Partnership for the Homeless, an interdenominational coalition, was formed four months ago and has set up 113 beds in 10 churches and synagogues.

Yet the religious leaders criticized government officials for indicating that religious institutions alone could help all the homeless, whose number governmental and private estimates say will reach 36,000 in New York City and from 500,000 to two million nationwide this winter.

Recalling that President Ronald Reagan had suggested that each religious institution in the country care for 10 welfare families, Bishop Moore said, "This is balderdash as a solution."

Mayor Koch said Friday: "We can do more and so can the religious institutions." The city housed 4,225 homeless people Thursday night, the mayor said, while churches and synagogues housed 100.

U.S. Pollution Deadline Causes Little Concern

By Dale Russakoff

Washington Post Service

WASHINGTON — The warnings from the Reagan administration were dire. Unless Congress amended the Clean Air Act in its postelection session, major industries would be forced to shut down, states would lose billions of dollars in federal aid and the nation would suffer "great environmental and economic dislocations."

Congress apparently was not convinced. The House and Senate have gone home for the year without changing the stringent federal air-pollution law and without extending the Dec. 31 deadline for cleaning up the nation's air.

That means that, as of New Year's Day, more than 400 counties across the country will be in violation of national clean-air standards, facing all those punishments threatened by the administration.

But the new year approaches, the potential victims of these federal sanctions — local officials and industry leaders — seem as unperturbed as Congress. Like several House and Senate leaders, they said the administration appears to have overstated the case.

"It must confess that the people in our industry aren't unduly alarmed," said Fred Weber, executive vice president of the Edison Electric Institute, an organization that represents electric utilities.

"It could take six months to two years before any funds are halted," said S. William Becker, head of an organization of state officials who would be affected by a freeze in federal aid.

At the heart of the confusion is one of the most complex environmental laws on the books. Congress and the administration, industry and environmentalists warred over the law throughout the two-year session, but the factions were so divided that no proposed changes came to a floor vote.

Advocates of a stringent clean-air measure charged the administration with "blowing smoke" about the dangers associated with the Dec. 31 deadline in hopes of watering down other portions of the act during the postelection session. However, House and Senate leaders turned down White House requests to put the issue on the agenda, putting off the fight until the 98th Congress.

The drive to reauthorize and revise the act is expected to become the top environmental issue of that next Congress.

Meanwhile, with Dec. 31 less than a week away, the impact of the clean-air deadline and federal sanctions remains uncertain.

The Environmental Protection Agency has said that 421 counties in every state except North Dakota, have failed to meet the act's standards for controlling at least one of five major industrial pollutants — sulfur dioxide, carbon monoxide, ozone, nitrogen dioxide and particulates.

EPA officials across the country are collecting air-quality data and are expected to publish a list in late January of the areas that remain too polluted, along with potential sanctions to be imposed.

The EPA administrator, Anne M. Gorsuch, has said that she will

Herald Tribune

Published With The New York Times and The Washington Post

Andropov's Challenge

The interest of Yuri Andropov's speech last Tuesday, in his first public appearance since taking over from Leonid Brezhnev last month, goes well beyond the part of it on missiles in Europe that has drawn the most attention in the West. The speech indicates that Mr. Andropov landed in the Kremlin leadership running. New American presidents may take up to a year or more to work into foreign policy. Mr. Andropov, long a member of the Brezhnev team, jumped right in. Notwithstanding his early focus on shuffling personnel and bowing to the priority of domestic reform, he plainly intends to take a strong hand in foreign policy, too.

His speech answers some major early questions about the direction in which he intends to go. The latter-day Brezhnev had some times appeared to be bending even more than Soviet Politburo chiefs usually do to the demands of Kremlin arms-builders. Mr. Andropov starts by offering the West a broad program of arms control under the banner of going "back to détente." He would negotiate, he says, before undertaking new arms-building; if talks fail, then he will build.

Whether his specific arms control proposals are ultimately negotiable is a necessary and serious question. There can be no doubt, however, that his pitch is carefully designed to appeal to the large constituency in the

West, and especially in Europe, that questions Ronald Reagan's policy. Take, for instance, his warning to Europeans that new American missiles "would make peace still more fragile." (Soviet missiles, of course, make peace more secure.)

The Andropov-Euromissile position, offering to reduce the number of SS-20s to the number of French and British missiles, was immediately rebuffed by Washington, Paris and London. The Western capitals had reason to say no to a proposal that would freeze a Soviet advantage in Europe and force a separation of interest between the United States and its allies. But their rejections will not mean the end of the Andropov proposal.

The Soviets must understand, one American official said, that the key lies "in Geneva in serious negotiations and not in trying to influence public opinion." That is very confused and wishful thinking.

Obviously Moscow is going to keep on working Western opinion. The alliance is going to have to come up with a better answer to the question about British and French missiles. In a word, Mr. Andropov, whatever else he may turn out to be, already looks like a formidable adversary. A very difficult time is coming in Atlantic relations. Mr. Andropov is counting on it.

—THE WASHINGTON POST.

From Bad to Worse

The American economic condition is stark. Inflation continues to subside, but what might have been good news has become part of the bad news. The eight credit that pounded down inflation also pounded the economy, and the decline has not been stopped. Recovery is still not visible; neither are national policies that would make it happen.

These are the unavoidable conclusions of two statistical indicators. The Consumer Price Index, which was skyrocketing two years ago at an annual rate of more than 13 percent, moved barely a hair in November. But the gross national product, after growing ever so tentatively since spring, is falling again, at an annual rate of 2.2 percent.

Neither figure is definitive. The index is best read over several months. The gross product is subject to revision when more data arrive. But both figures are descriptive. November figures confirmed the pattern for the year: a marked slowdown to an annual inflation rate of about 4.5 percent. And the gross product report implied more bad news to come. The economy, four years stagnant, is still shrinking—many months after the president had expected the start of expansion.

Who imagined two winters ago, when double-digit inflation seemed a permanent curse, that the rate could drop so far so fast? Not the headstrong overcomers in the White House or even the sober veterans at the Federal Reserve. But neither did they foresee that

their policies would plunge first the country and then the world into a deep recession from which there is still no clear exit.

Obviously the American economy needs more stimulation quickly. The risk today is prolonged stagnation, or collapse, not inflation. The Federal Reserve has eased monetary restraints substantially over the last six months, and convincingly so in the last two. It still professes unwavering vigilance against inflation, but its expansionary acts speak louder than its words. That is certainly moving in the right direction.

The administration, however, isn't moving at all. Whatever new proposals the president is preparing for Congress in January will already be too late. Will they also be too little? He should at least follow his inclination to speed up the 10-percent income tax cut scheduled for July, while making meaningful commitments to smaller deficits in the future.

It requires no degree in econometrics to see that 1983 will not start with a bang, and that White House predictions of 3- to 4-percent growth for the year will be wrong again. At the least, the indicators mean that recovery, if it occurs, will start from a deeper trough. And unemployment is sure to rise further. What the president proposes to do about it will take months in Congress, and more months to have effect. He continues to say wait till next year. That too means five days.

—THE NEW YORK TIMES.

Other Opinion

Fleet Street Reads Andropov

The probable lesson of his speech last Tuesday is that what makes Mr. Andropov interested in negotiation is the readiness of the West to get on with installing its cruise and Pershing missile defenses against his SS-20s. The nuclear disarmament who would stop these if they could are, in fact, only likely to delay a realistic and fruitful disarmament agreement by inducing in Mr. Andropov and his henchmen the hope that the West will disarm while Soviet missiles remain in place.

—The Daily Mail.

Yuri Andropov's speech deserves the closest attention. No doubt it will be straining innocence to take all of it at face value. But the weary cynicism which is wont to greet initiatives from Moscow is equally out of place. Mr. Andropov is offering a novel outline package: that Soviet missiles in Europe shall not exceed those of Britain and France. NATO, without loss of face, can respond by shelving the cruise and Pershing program, for it is becoming even clearer that those weapons in turn would be matched by something greater and that the balance we have is as favorable as any we are going to get.

—The Guardian.

The Andropov proposal may be useful propaganda aimed at the anti-nuclear movements in Western Europe, but it stands no chance of being accepted by the United States in Geneva.

—The Financial Times.

Mr. Andropov's first appearance on stage as Russia's new prima donna may have pleased his immediate audience of well-trained stoking up anti-American nuclear weapons sentiment. He seemed to portray America as the warmonger and Russia as the peace-lover who would nevertheless match every increase in nuclear weapons with an increase in nuclear weapons.

Negotiations with Russia must continue and all Russian suggestions should be ex-

amined calmly across the table in Geneva when the talks resume next month. But Mr. Andropov's agitprop song is not much help.

—The Daily Telegraph.

'After All, It Is Europe'

Although the speech was a masterpiece of misleading rhetoric, it contained elements that deserve careful exploration when the Euromissile negotiations resume in Geneva.

Mr. Andropov talked earnestly about the Soviet Union's problems. He accused the United States of seeking military superiority and of making strictly one-sided proposals in arms control negotiations. Then he went on to make a one-sided proposal of his own.

The Andropov proposal reads very much like a play aimed at giving new ammunition to the anti-nuclear movement in Europe, especially West Germany, without committing Moscow to meaningful concessions.

Still, it should be remembered that the Soviets initially refused to even talk about reducing their formidable force of 300-odd SS-20s. Then they accepted negotiations. Now they have offered to move a considerable way toward the American "zero option" proposal, albeit with unacceptable conditions.

While the American and other allied governments were right to point out the self-serving one-sidedness of the Andropov proposal, that should not be the end of the matter. In recent weeks European leaders have indicated their willingness to accept something short of total Soviet removal of the SS-20s. If that sort of flexibility is acceptable to our allies, it should be acceptable to us. After all, it is Western Europe, not the United States, that is directly threatened by the imposing Soviet force of nuclear missiles.

While Mr. Andropov's proposal is not acceptable in its present form, it is conceivable that, when the offer is explored further in Geneva, some of its more objectionable features can be satisfactorily dealt with. In any event, it is important to find out.

—The Los Angeles Times.



'Hey, look who's back. How was South America, man? You find any country would give us a loan?'

Gloomy Figures, Plus Ideas for the New Year

By Flora Lewis

PARIS — No, Messrs. Presidents and Prime Ministers, there is no Santa Claus. Or, as Sylvia Ostry puts it, governments were saying early this year that there is no free lunch in the fight against inflation, but they did not realize how expensive lunch was going to be.

Perhaps it was not in keeping with the holiday spirit for Mrs. Ostry, who heads the economics department at the Organization for Economic Cooperation and Development, to forecast just before Christmas that unemployment would continue to rise and that growth would be sluggish into mid-1984 on the basis of current policies.

Mrs. Ostry does not believe in Santa Claus or in self-deception, but rather in a concerted effort essential to get world trade moving again. She is the brilliant, no-nonsense Canadian economist who heads the international analysis and prediction team of the industrial nations. They have just released their semi-annual report.

"We do not see economic growth picking up to capacity growth rates," it says. "Unemployment seems set to rise in most countries, and the growth that we foresee for the United States is unlikely to be able, indeed cannot be expected, to pull Europe out of its recession."

The report does not publish recommendations. They are kept private for governments. But they are implied in the gloomy statistics and in the repeated statement that the painful effect of policies "has been greater than governments intended."

The OECD does not quarrel openly with Treasury Secretary Donald T. Regan's forecast of 3- to 4-percent U.S. growth next year. It just says that "this projection, while plausible... depicts an upturn of which there is so far scant evidence." In any case, that would not be enough to bring down the number of American jobless before mid-1984.

The clear conclusion of the rigorous international experts is that the way to get the industrial coun-

tries working again without generating a new surge of inflation is a heavy infusion of purchasing power into Third World countries. Those countries' trade, and thus their rich countries' earnings, is sagging badly under the combined burden of excessive debt and low commodity prices.

Even the OECD's more encouraging projections, the report says, are "subject to risks," particularly from a surge of protectionism and too little credit.

"It is the clear responsibility of governments to minimize these risks" — that is as far as Mrs. Ostry's team will go in pointing a public finger. But that is their way of telling President Ronald Reagan and other leaders that nature and the free market cannot do it alone.

Now for the better news. Secretary Regan's vague remarks about the inadequacy of existing institutions to cope with the world crisis, and about U.S. willingness to consider new ideas, have provoked European response.

French Finance Minister Jacques Delors has made two proposals to Secretary of State George P. Shultz. One is a plan "for ambitious programs to solve certain irritating quarrels in trade, notably food," through the World Bank.

America and Europe are on the brink of a bread and butter war to spoil each other's markets by dumping. Mr. Delors's idea is a kind of Third World Marshall Plan to handle sale of surplus food stocks to a hungry world, which would avoid Euro-American rivalry, reduce huge storage costs and enable developing countries to use their scarce currency for industrial goods they need.

If that cannot be agreed, he suggested, then there should be an extra increase in International Monetary Fund resources (special drawing rights) to get trade moving again. Along with these pump-

priming proposals, there is to be substantial addition to world financial capacity for speedy rescue of countries threatened with default, and a new look at ways to keep the dollar, the yen and the European Monetary System's European currency units from piling up out of balance.

One idea is to spread the reserve role, with the dollar serving as exchange for perhaps 60 percent of world trade, instead of 80 percent as now. When the dollar was very strong its dominance hurt others. As it weakens it will hurt the United States.

"We have been firmers," Mr. Delors said of urgent moves to save Mexico, Hungary and Brazil from bankruptcy. "Now we must be architects."

Mr. Shultz has added a new awareness in the Reagan administration that not only are trade, money and debt problems linked, they necessarily affect political and defense prospects. And he knows that no country can go it alone. He told European officials, for example, that the crash program for Mexico included advice to sell more and buy less, and that is bad for the United States. If everybody tries that tack, it is disaster for all.

So it is good that the OECD did not mask the bad news, as several governments wished on the ground that depressing predictions make things worse by undermining confidence. It is good — provided it really spurs the men who manipulate major economies to new, constructive agreements.

Supply-side theories failed. Tight money squeezed too much productive muscle as well as inflationary fat out of the world. The United States is not a locomotive that can pull all others to recovery. It cannot move far or fast enough on its own steam, without cooperation.

No Santa Claus. But there is now at least a hope of a much-needed Christmas present in the form of a new package of international economic agreements in the coming year.

The New York Times.

A Lady's Journey and a Bankers' Nightmare

By Anthony Sampson

LONDON — The collapse of the

Argentine economy threatens to cause the collapse of one of the biggest banks in the world, which cannot meet its obligations and has to be rescued by an emergency committee of the other major banks.

The subsequent loss of confidence caused a drastic cutback in lending to those three countries, and the one that seems closest to the bankers' ultimate nightmare — of a country which is taken over by a revolutionary army — is Argentina.

This is not just another gloomy scenario about the collapse of banks, such as have been offered recently by several prominent newspapers. It is what actually happened.

In 1980, when Barings bank in London had to be rescued by Rothschild's and others after it had been rapidly liquidated in Argentina.

Yet Argentina, in spite of all its convulsions, coups and chaos in the 92 years since, has retained an irresistible fascination for bankers. It has been a classic case, like Zaire, of a country with rich resources which look marvelous on paper — superb land, money minerals, oil — but with people and leaders who have been able to squander them.

Today Argentina is once again on

an economic tightrope, watched anxiously by the world's bankers.

Its debt is smaller than Mexico's or Brazil's, and since it is almost self-sufficient in oil it is little affected by the ups and downs of oil prices. But politically it is the most unstable of those three countries, and the one that seems closest to the bankers' ultimate nightmare — of a country which is taken over by a revolutionary army — is Argentina.

This is not just another gloomy scenario about the collapse of banks, such as have been offered recently by several prominent newspapers. It is what actually happened.

In 1980, when Barings bank in London had to be rescued by Rothschild's and others after it had been rapidly liquidated in Argentina.

Yet Argentina, in spite of all its convulsions, coups and chaos in the 92 years since, has retained an irresistible fascination for bankers. It has been a classic case, like Zaire, of a country with rich resources which look marvelous on paper — superb land, money minerals, oil — but with people and leaders who have been able to squander them.

Today Argentina is once again on

an economic tightrope, watched anxiously by the world's bankers.

Its debt is smaller than Mexico's or Brazil's, and since it is almost self-sufficient in oil it is little affected by the ups and downs of oil prices. But politically it is the most unstable of those three countries, and the one that seems closest to the bankers' ultimate nightmare — of a country which is taken over by a revolutionary army — is Argentina.

This is not just another gloomy scenario about the collapse of banks, such as have been offered recently by several prominent newspapers. It is what actually happened.

In 1980, when Barings bank in London had to be rescued by Rothschild's and others after it had been rapidly liquidated in Argentina.

Yet Argentina, in spite of all its convulsions, coups and chaos in the 92 years since, has retained an irresistible fascination for bankers. It has been a classic case, like Zaire, of a country with rich resources which look marvelous on paper — superb land, money minerals, oil — but with people and leaders who have been able to squander them.

Today Argentina is once again on

Overheard at the Border the Other Evening

By James Reston

THE BORDER — Good evening.

May I see your passport. I've been coming here every Christmas for many, many years and nobody ever asked me for a passport before.

Things are different now. Terrorists and all that. We have to be careful. Your name and occupation?

Is that your real name? I have gone under the name of St. Nicholas. Old Nick and some other names in other places.

Where have you come from? Just now, Russia and Canada.

Mum, very interesting. I should have known by the color of your uniform. Place of birth?

I think Greece but I'm not sure. Nationality?

None. According to U.S. regulations, I must put you down as an undocumented or illegal alien. Flying in here under the radar screen on reindeer is clearly a violation of civil and military regulations, and also may bring you under charges of cruelty to animals. May I see your pilot's license?

Well now, I've been flying these reindeer for hundreds of years and this is the first time I've ever been asked for a license. You don't seem to understand: I'm just a legendary character, sort of a floating happy dream.

Look Mister, you seem like a nice old geezer, and I don't want to give you a hard time, but there's no quota in this year's official Christmas immigration rules for a legendary charac-

ter or floating dreams or even ideas. Just what is the purpose of your visit?

I only wanted to drop down a few chimneys and leave some presents around for the children. All I need is a transit visa for a few hours. I'm really needed more in Mexico.

Do you realize that the rich have burglar alarms on their chimneys?

I was thinking mainly about the poor. I heard that you had 12 million people out of work here and that many of them had children. Is that right?

Look, Old Man, I'm asking the questions, OK? I now have your record on the computer and it says that for years you have shown liberal tendencies. You have not been evaded between the rich and the poor, but have favored the poor.

That's an understatement.

May I ask you a personal question? Yes, but please hurry, I must get on before Christmas.

Why do you look so jolly when so many people are so gloomy? That's why I'm jolly. The gloomier they are, the jollier I get.

Isn't that a little odd? No. If everybody was jolly I'd be unemployed. It's not that I love misery, but in my line of work the more misery there is the more I'm needed.

What about your budget this year? Isn't it a little slim?

Just about right. If it was fatter I couldn't satisfy the people who didn't

need or deserve more and if it was any slimmer I wouldn't even have any dreams left for the people who need me.

Let me just look at all these packages you have on this sled. I don't suppose you would have any toys made in other countries. In Japan for example, without American components, or German trains or British tin soldiers, or dolls for little girls from Prague or Warsaw or any of those other communist countries?

I don't suppose.

What presents did you distribute on your way here?

I dropped off a copy of "War and Peace" in Moscow and also the official statistics of the casualties of the last two world wars. In Europe I circulated copies of Jean Monnet's memoirs, and some poems on the preservation of freedom and the defense of Western civilization. In Canada I left the history of the war between the states in America.

Is it wise to go around the world scattering dreams, instead of concentrating on all the hard news about the gross national deficits and the need for more cruises and Pershings and B-1s and MX dense packs or dunce packs, or whatever they are?

I certainly do. These economic and military realities with their computers and their predictions of disaster are depressing the entire world.

So what do we do?

Me, I'm not asking for very much. I just want a transit visa for a few hours to go down a few chimneys.

The New York Times.

West Bank: A Silence Of Consent?

By Philip Geyelin

WASHINGTON — Senator John Glenn, the Ohio Democrat who is currently rated the front-runner for his party's presidential nomination, makes a case against Ronald Reagan's handling of Israel's Prime Minister Menachem Begin that bears directly on pressing business.

Just about everybody except the Begin government agrees that one key to pumping new life into the Camp David "peace process" is a freeze on expanded Israeli settlement of the West Bank. That has been the main sticking point in President Reagan's somewhat inconclusive efforts to involve Jordan's King Hussein more intimately in the next step negotiations for a five-year transitional period of "full autonomy" for the West Bank and Gaza, with the ultimate status left open. King Hussein's point is that he cannot negotiate on the future of the West Bank while the future is being rapidly foreclosed by settlements.

Mr. Reagan can hardly disagree. His September "initiative" prescribed a "freeze" on further Israeli settlements. But Mr. Begin has responded with an announcement of a whole new batch of settlements. So the finger points at Menachem Begin.

But Sen. Glenn's case against Mr. Reagan goes a long way to explain Mr. Begin's defiance.

It is the senator's conviction that what heads of government say to each other through emissaries or in public pronouncements is far less important than what they say to each other in private. And it is the senator's well-documented contention that Mr. Reagan has never even brought up the subject of settlements in his encounters with Mr. Begin.

The senator was aware, from a conversation he had with Mr. Begin last February in the presence of the American ambassador to Israel, that America had early warning of how slim the pretense would be for an Israeli invasion of Lebanon. He also was aware of how little the Reagan administration apparently cared.

He was worried much earlier about the seeming use of American-supplied weapons by Israel for other than defensive purposes (in contradiction of U.S. law) in the Israeli attack on Iraq's nuclear reactor in June 1981, and the Israeli bombing raid a month later on Beirut.

Sen. Glenn is a member of the Senate Foreign Relations Committee. It is customary for Mr. Begin to come before that body from the White House meeting with the president. On the occasion of Mr. Begin's visit last year and again this year, Sen. Glenn thus asked Mr. Begin whether he and Mr. Reagan had talked about either the West Bank or the offensive-defensive use of U.S. equipment. He says he was dumbfounded to hear Mr. Begin say repeatedly that those matters never came up.

After Mr. Begin was in Washington in the fall of 1981 to lobby against the sale of AWACS aircraft to Saudi Arabia, Sen. Glenn had an opportunity to double-check on the first, crucial Reagan-Begin encounter. He was a member of a delegation of senators invited to the White House to be lobbied by President Reagan in support of the AWACS deal. He put it directly to Mr. Reagan: Had he and Mr. Begin discussed the West Bank settlements issue or the question arising from the use of American-supplied weapons?

Before Mr. Reagan could answer, Vice President George Bush, Richard Allen, who was then the president's national security adviser, and Defense Secretary Caspar Weinberger broke in one after the other to say that these matters had been dealt with in separate, lower-level discussions. "That wasn't my question," Sen. Glenn says he replied. One again he asked whether the president and the prime minister had dealt with either the West Bank or the possible misuse, under U.S. law, of American weapons. Says Sen. Glenn: "There was silence in the room."

The consent that the Israelis have obviously read into a consistent record of silence on the part of Ronald Reagan, at least a year and a half has carried the de facto annexation of the West Bank by Israel very close to, if not beyond, the point of no return.

Mr. Begin's next visit to Washington is scheduled for early in 1983.

The Washington Post.

LETTERS TO THE EDITOR

New Voices and Tones

It was with particular joy that I read Flora Lewis's refreshing invitation (IHT, Dec. 15) to seek a new Ernest Bevin and a new Jean Monnet to lead the re-creation of international structures of trade and finance, after the exhaustion of Bretton Woods and a decade of reaction and slump.

With her I feel the urgent need for what in retrospect a latter-day Dean Acheson might one day describe as being present at the re-creation.

But we should not be too parochial in our hunt for renewed institutions or new leaders. The re-creation that Treasury Secretary Donald Regan hints at must be broad enough not only to renew the basis of growth in the West but also to set a new framework for East-West economic links, North-South relationships and the key position of the OPEC countries.

If the new Bevin or Monnet are to be heard, our cars should be attuned to voices that may speak in different languages and in discomfiting tones.

J.R. BOOTH, London.

In his article (IHT, Dec. 8) on the ethical problems of using unnamed news sources, Donald Shaw writes that the term "managed news" first came into vogue during the administration of Lyndon B. Johnson.

The earliest use of the management

metaphor that I have found was by James Reston of The New York Times on Nov. 7, 1955, during the administration of Dwight D. Eisenhower, when he testified before the House Committee on Government Operations and declared the government's desire to "manage the news."

Joseph Kraft did much to popularize the idea in an Esquire magazine article in June 1959: "The Dangerous President of James Hagerty" (Mr. Eisenhower's press secretary).

The practice of news management is, of course, age-old, and I would appreciate hearing from any reader who knows of an earlier use of the phrase.

HOWARD M. ZIFF,

Institute for Public Relations and Communications Studies, University of Salzburg, Salzburg, Austria.

Class and Espionage

John Grumond wonders "What Makes Britain So Ripe for Espionage?" (IHT, Dec. 4). The typical turncoat has a monumental ego and feels that his abilities have not been suitably rewarded. Information is sold to a foreign power as a way of getting even with one's own society.

So it is not surprising that spies thrive in Britain, where class distinctions based on accents, family background and education are an accepted part of the formal cultural pattern.

RICK BERGE, Vienna.

DEC. 27: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: The Empress Cracks Down

SHANGHAI — Alarmed at the tone of the provinces towards the policy of the Peking government in borrowing British money to construct the railways, the Empress Dowager has issued a decree of a reactionary character forbidding people to discuss the state of affairs or to hold meetings, and ordering the press not to refer to such questions. It is believed this step is a consequence of the menacing tone assumed by British-Japanese allies in reference to various outstanding questions now agitating the country, in regard to which there is undoubtedly much right upon the Chinese side.

1932: Stalin Purges the Party

MOSCOW — That the sweeping purge of the party, decreed a few days ago throughout the Soviet Union, is the result of difficulties in carrying out the government's agricultural policy, is indicated in an editorial in Pravda. The party must rid itself, it says, of kulak elements that have found their way to membership and are now organizing the sabotage of grain collections, for the kulak can succeed only when he is assisted by party enemies holding party membership cards. Thus it is clear that those to be expelled constitute the right kulak wing, which is opposing Stalin's policy of rapid socialization of agriculture.

JOHN HAY WHITNEY (1904-1982), Chairman
KATHARINE GRAHAM and ARTHUR OCHS SULZBERGER, Co-Chairmen

LEE W. HUBNER, Publisher

Executive Editor

Editor

Managing Editor

Associate Editor

Associate Editor

Associate Editor

The 'Me Generation' Is Growing Up in China

One-Child Policy and Doting Parents Have Created a Boom in Spoiled Brats

By Christopher S. Wren
New York Times Service

BEIJING — China's drive to hold down its population by restricting couples to a single child has created an unintended side effect — the spoiled brat.

The problem was summed up by a Shanghai educator who recently told the English-language China Daily newspaper that "single children are the sun in a family, and parents and grandparents are planets orbiting the sun."

The Chinese used to have large, extended families in which uncles, aunts, cousins and other relatives all pitched in to teach a child how to behave. But the traditional structure is being altered by the limits the state imposes on family size.

"Before, you could say to your child, 'Look at your brother, look at your sister,'" lamented a father in Beijing. "Now there is no one else for comparison."

China is trying desperately to keep its population at 1.2 billion by the year 2000. The nationwide census, conducted in July, disclosed that the mainland already had 1,006,175,288 citizens.

Hao Jianxin, the highest-ranking woman in the Communist Party secretariat, said at a conference on family planning last week that China's annual population growth for the rest of the century must be held to 9.5 per 1,000 to achieve the target.

That is well below the 14.55 per 1,000 reported for 1981 or the 13.5 per 1,000 estimated this year.

A new campaign is being mounted next month to promote the single-child family because a baby boom has been forecast for the

next 15 years as those born during the 1960s, before family planning was imposed, get married.

According to Miss Hao, who is also minister of the textile industry, an estimated 78 million young Chinese will be getting married in the next three years.

New penalties promulgated recently in the northern province of Shanxi could be a harbinger of an even stricter national family planning policy.

The Shanxi Daily newspaper reported that couples expecting a second child will now forfeit 20 percent of their salaries if the wife refuses to have an abortion. If the second child is born, the couples will lose 15 percent of their salaries until the second child is 7 years old.

The penalties are stiffer for a third child.

Billboards in almost every Chinese city extol the virtues of the single-child family, often showing a healthy, well-dressed tot being caressed by beaming parents. Such propaganda has evidently affected the self-esteem of children.

A letter to the Worker's Daily newspaper complained that children without siblings went to the head of the line for inoculations at some hospitals. In kindergarten, such children sometimes were given more candy than their classmates and were allowed to go home while the others had to perform school chores.

The letter said that such practices "sow dissension among children and add to the sense of superiority of only children."

The effect is also felt in such big cities as Beijing and Shanghai, where only children already account for more than half the kindergarten enrollments. The China Daily said that

"because they have no brothers and sisters, some only children never learn to care for others. When in kindergarten, they quarrel with their friends and refuse to share their toys."

The problem is also apparent in higher grades. Yang Lijian, the principal of the Shiyuan primary school in Shanghai, said, "They get a little spoiled by their parents, so we have to teach them how to get along with other children."

Cao Wenwen, a physician at the Shanghai children's hospital, has reported more obesity because many mothers are giving their babies candy and too much food. Lu Lixun, a researcher at the Nanjing normal college, confirmed that some only children had developed poor eating habits and "always ask for chocolate or sugar in their porridge."

The China Daily cited a survey made in Beijing of 1,741 children between the ages of 3 and 5 that said that 29 percent of the only children had become fatty eaters.

But the survey also found that only children were "cleverer, more imaginative, more creative, more inquisitive and healthier," possibly because they received more attention.

And there is evidence that some parents do try to be conscientious about raising an only child correctly.

The China Daily said 32 books, totaling 4 million copies, had already been published on the subject of bringing up a single child. And a special program aired by Beijing Radio has resulted in a pamphlet on child-rearing that has been distributed in 100,000 copies.

Tang Hua, who helped conduct the Beijing survey, told the China Daily, "The point is to make parents stop doting on their little darlings."



Kim Dae Jung, the South Korean opposition leader, and his wife board a plane for Washington after arriving in Seattle.

47 Political Prisoners, Others Freed by Seoul

Compiled by Our Staff From Dispatches

WASHINGTON — The South Korean government has announced the release of 47 political detainees, including 47 political detainees.

The U.S. State Department welcomed the move, saying it would "make a further contribution to political harmony in South Korea."

U.S. officials said they hoped that the amnesty given Friday, combined with the release last week of Kim Dae Jung, South Korea's leading opposition figure, signified the start of political liberalization in South Korea.

U.S. officials said Mr. Kim told them recently that he did not intend to return to political activity if he was released.

He was greeted at the airport by about 300 South Koreans who live in the Washington area. Mr. Kim said he was grateful to the American people for their support, and he thanked President Ronald Reagan and Senator Edward M. Kennedy, Democrat of Massachusetts, for working to gain his release from prison.

State Department officials said Thursday that the release of Mr. Kim had been a long process.

Mr. Kim had been pleased and surprised the Reagan administration. They said that many months of quiet yet intense pressure, beginning at the end of the Carter administration, had had a key part in persuading Mr. Chun to release Mr. Kim.

In an interview Friday with The Washington Post, Mr. Kim called on the United States to speak out on human rights rather than pursue the "quiet diplomacy" used in his case.

"Clearly when Ronald Reagan was elected there was a great concern over the human rights issue," he said. "Of course, I thank them for what happened to me personally, but as far as I know it is widely perceived by the Korean people that the human rights issue under the Reagan administration has been retreating. America should speak out openly for justice."

Though he indicated that he did not consider himself under any constraints while in the United States, he avoided discussing major world issues in the interview, saying he had been free only a day and had not had an opportunity to study developments since he was imprisoned in 1980.

Chatt Arrives in Pakistan
ISLAMABAD, Pakistan — The secretary-general of the Islamic Conference Organization, Habib Chatti, arrived here Sunday to discuss Middle East problems and Afghanistan with President Mohammed Zia ul-Haq.

23 Die as Chinese Airliner Bursts Into Flames

BEIJING — Twenty-three persons were killed and 20 to 30 injured Friday when a Chinese airliner caught fire on its final approach to the airport at Guangzhou, officials said Sunday.

The Soviet-built Ilyushin-18 with 69 on board made an emergency landing with smoke pouring from its fuselage. On the runway, it burst into flames.

China's state-run airline, CAAC, said an investigation was under way to determine the cause of the fire, but the official Chinese news agency indicated it might have been caused by an electrical fault.

The agency said the captain cut off a "circuit" after learning that

fire had broken out and made an emergency landing, but it did not explain what sort of circuit was involved. On Saturday night, Chinese television showed film of flames leaping from a gaping hole in the rear cabin of the four-engine, turbo-prop plane and rescue workers carrying stretchers from the scene.

The news agency said 13 of the dead had been identified as Chinese, and two as foreigners. The non-Chinese were identified as Neil David Konheim, 31, an American travel agent, and Chen Li-Fang, a Canadian who is general manager of the China Cultural Promotion Co. of Canada.

Pathologists were still trying to

identify the other eight bodies. Most reports spoke of four to six foreigners on the domestic flight from the northwestern city of Lanzhou to Guangzhou.

The agency quoted CAAC's Beijing headquarters as saying 20 persons were hurt, most of them not seriously, but an airline official in Guangzhou said 30 had been injured. Among them were Mr. Konheim's wife, Jeanette, a Japanese man, and two Hong Kong residents.

An initial check showed the plane's cargo bay, engines and fuel tanks had survived the fire intact, the agency said, indicating the blaze was confined to the passenger cabin.

An official Guangzhou newspaper available in Beijing on Sunday quoted a passenger as saying thick black smoke began to fill the rear cabin shortly before touchdown. A stewardess appealed for calm saying: "Comrades, don't worry. Everyone move up to the front."

A CAAC official in Guangzhou, reached by telephone Saturday night, said sabotage could not be ruled out. But an airline spokesman in Beijing denied there had been an explosion on board.

In April all 112 passengers and crew members were killed when a British-built CAAC Trident crashed into a mountain on a flight from Guangzhou to Guilin.

China Congratulates Soviet on Anniversary

MOSCOW — China, which did not send a delegation to last week's Kremlin observances marking the 60th anniversary of the Soviet Union, has sent a brief congratulatory message.

The Soviet government newspaper Izvestia published the text in its Saturday edition, which was filled with congratulatory statements from other governments.

China expressed "sincere congratulations" on the Soviet anniversary and then stated Beijing's hopes that barriers to improved ties would be overcome.

"China sincerely hopes for the gradual implementation of normalization and establishment of

good neighborly relations between our countries" to ensure world peace, the message said.

"Both countries must undertake the practical actions to remove the obstacles [to normalization] through consultations, exerting the joint efforts to carry out this aim," it said.

The message was signed by members of the State Council and the Standing Committee of the National People's Congress, which constitute the Beijing leadership, and appeared on Izvestia's back page alongside congratulations from the leaders of Greece and the African state of Cape Verde.

On Wednesday, China sent a delegation to the Soviet Embassy

in Beijing to observe the anniversary, but no Chinese officials were sent to Moscow.

On Sept. 30, the Soviet leadership sent a warm congratulatory message to Beijing marking the 33rd anniversary of the People's Republic of China.

Chinese-Soviet relations have been strained for two decades because of territorial and ideological disputes. The late Soviet leader, Leonid I. Brezhnev, made several overtures this spring to the Chinese, and low-level talks on normalizing relations have been held, with follow-up talks expected early in 1983.

China is demanding the Soviet Union withdraw some of its troops

from the Chinese-Soviet border, Mongolia and Afghanistan as a condition for normalizing ties.

Mr. Brezhnev's successor as Communist Party leader, Yuri V. Andropov, has stated he wants friendly ties with China. Foreign Minister Andrei A. Gromyko said in an article this month that the Kremlin is "ready to do and is doing everything" for better relations.

Vladimir Zagladin, deputy chief of the Communist Party's international department, said Saturday the resumption of normalization talks was one of the most positive developments for the Soviet Union this year.

Louis Aragon Dies in Paris at 85; Acclaimed Poet, Novelist, Essayist

By Frank S. Prill
New York Times Service

NEW YORK — Louis Aragon, 85, the French poet and Communist Party luminary, died Friday at his home in Paris.

Novelist, poet and essayist, Dadaist, Surrealist and Marxist, battle-hardened in two world wars and Resistance activist, intellectual and friend of Picasso and Matisse, Louis Aragon was among France's foremost men of letters in the 20th century. Over more than half a century, he wrote a score of novels, hundreds of poems and thousands of critical articles.

"France is grief-stricken by the death of one of its greatest writers," said President Francois Mitterrand. "The magic of his work put him in the first rank of our national literature. I bow before his memory."

Last year, Mr. Mitterrand named Mr. Aragon a member of the Legion of Honor.

Mr. Aragon was not only an homme de lettres in the French phrase, but also an homme engagé, a man deeply committed to and involved in his times. He was a member of the Central Committee of the French Communist Party, and the party's leader, Georges Marchais, said: "I can't find words to express the immense pain that grips me. I have lost a close friend, our party one of its best members and France one of the greatest poets of the century."

There was a private Mr. Aragon, intense, reflective, creative and self-critical, but this persona was often obscured by the public figure, who took center stage in many of the key literary and political events of his time. Dandily dressed, handsome and articulate, he displayed — and capitalized on — a Gallic flair that compelled attention.

Mr. Aragon's ability to create an emotional impact was especially marked when he read his poetry, for he was unexcelled at conveying the lyricism and inner voices of his verse.

His rebellion against the conventions of French bourgeois society sprang from disillusiones that started with World War I. His commitment to communism was a development of earlier attitudes, and was contained, moreover, in a framework of fervent nationalism. It was in this spirit, he said, that he opposed Soviet intervention in Czechoslovakia in 1968 and was punished at the time by Moscow.

The punishment took the form of a ban on Lettres Francaises, an influential literary and artistic weekly that Mr. Aragon had edited since 1953. After he wrote an editorial warning against muzzling Czechoslovak intellectuals, circulation of the publication was barred in the Soviet Union and Czechoslovakia. It was a serious blow, and the magazine ceased publication in 1972.

The Soviet Union, however, held out an olive branch to Mr. Aragon, awarding him the Order of the October Revolution on his 75th birthday in 1972. The citation hailed his role in "strengthening French-Soviet relations of friendship."

In 1957, in a period of unflinching support for Stalin, Mr. Aragon was awarded the Lenin Peace Prize. Formally, the award was in recognition of his poem "Ode to Stalin."

In 1980, Mr. Aragon supported the pro-Moscow position of the French Communist Party after the Soviet intervention in Afghanistan, and he participated last spring in what was essentially an anti-American peace march through the streets of Paris.

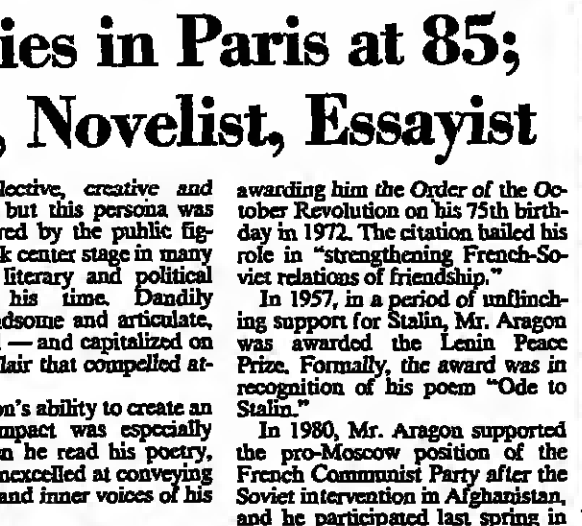
American readers were familiar with his novels through translations by, among others, Haskin Chevalier, Hannah Josephson and Edithen Wilkins. These included the acclaimed "The Bells of Basel," "Residential Quarters," "The Century Was Young," "Aurelian" and "Holy Week." Less well received was "Henri Matisse: A Novel," more an act of homage than a work of fiction.

The son of a civil servant whose ancestors were from northern France, Louis Aragon was born in Paris on Oct. 3, 1897. He was reared in comfortable circumstances and went to medical school, but he was detoured from a degree by his passion for literature.

In World War I, Mr. Aragon won the Croix de Guerre for valor. After the war, he continued his medical education while helping to edit a periodical founded by Paul Valery, the poet. He was quickly swept up by Dadaism, a nihilist artistic and literary philosophy.

The brief flare of Dadaism shortly gave way to the intellectual challenge of Surrealism, and Mr. Aragon became a Surrealist. The movement, also anti-bourgeois, was strongly influenced by psychoanalysis and advocated reliance on the subconscious mind and creating from a state of psychic automatism.

Although Surrealism had a profound effect on art, its influence on literature was more limited. Its concept of "war" on bourgeois society, nonetheless, led a number of Surrealists to Marxism, among them Mr. Aragon. He later described his 15-year Surrealist period as "an error of youth."



Louis Aragon and his wife, Elsa Triolet, who died in 1970.

Communist Party. One of his poems of this period was "Le Front Rouge" ("The Red Front"), parts of which were translated into English by E.E. Cummings.

The writer was strongly influenced by the Soviet poet Vladimir Mayakovsky, whose declamatory style infuses much of "Le Front Rouge," and by the Russian-born Elsa Triolet, a writer and the sister-in-law of Mayakovsky.

She and Mr. Aragon met in 1928 and later married. Until her death in 1970, they were one of France's best-known literary couples.

In World War II, Mr. Aragon served in Belgium and at Dunkirk, for which he received a second Croix de Guerre. When France fell to the Germans, he joined the Resistance in the south, becoming its champion and propagandist.

Two of his postwar novels, "Holy Week" and "To Be Killed," were considered among his best.

The first covers the chaotic flight from Paris of Louis XVIII during the week of March 19, 1815, when Napoleon's return to power was all but accomplished. The counterpart of loyalty and the novel richness and passion, "To Be Killed," published in 1965, was a poetic novel of love and jealousy.

Jamal Dar
ISLAMABAD, Pakistan (AP) — Jamal Dar, 74, Pakistan's minister for Kashmir and the Northern Areas, died here Saturday after having a heart attack while giving a speech, doctors said.

Mr. Dar, a retired major general in the Pakistani Army, was appointed minister for Kashmir and the Northern Areas in March 1981. He had held the same post from 1973 to 1976. He was elected to the National Assembly in De-

cember 1970 and held the seat for seven years.

Other deaths:
Mufti Ziauddin ibn Ishan Babakhan, 74, a Moslem theologian and longtime head of the Moslem Board of Central Asia and Kazakhstan, Wednesday in Moscow. He had been an organizer and participant in many religious and peace conferences.

Jack Pearl, 88, a radio and stage comedian, Saturday in New York. He was known in the 1930s for his lampooning of the widely read adventure tales of Baron Munchausen.

U.S. Prepares to Seek Talks With Albania on Gold, Allies' Claims

By David Binder
New York Times Service

WASHINGTON — For the third time in nine years the United States is preparing to make an overture toward establishing relations with the Communist government of Albania.

According to senior administration officials, the plan is to propose, together with Britain and France, negotiations on the return of more than \$36 million in gold to Albania in exchange for its agreement to settle claims with the three countries.

The gold was transferred by the Italian occupation forces to Rome in World War II, looted by German troops in 1943 and stashed in a salt mine in Germany, where it was eventually recovered by the Allies.

There had been desultory discussion among the United States, Britain and France in earlier decades about negotiating with Albania, but the idea acquired some urgency after the death of Leonid I. Brezhnev, the Soviet leader, last month.

It was noted in the State Department that the new Soviet leadership under Yuri V. Andropov addressed unusually warm greetings to Albania on Nov. 29, the 38th anniversary of the liberation of Albania from Fascist occupation, as well as an invitation to resume ties that were broken in 1961.

Administration officials familiar with affairs in the region said the situation in Albania itself, where there has recently been unrest in the leadership, was also a factor in preparing for negotiations. Another, they said, was the perception in Washington that Enver Hoxha, 74, who has led the Albanian Communist Party since 1944, was seriously ill and already considering the prospect of succession.

A year ago Prime Minister Mehmet Shehu was killed, or committed suicide, in what appears to have been a struggle against Mr. Hoxha over an opening to the West.

The struggle seemed to culminate last month in the purging of some of Mr. Shehu's closest associates from party and government posts. In a speech in November, Mr. Hoxha denounced the Shehu faction for consorting with Western powers and with Yugoslavia.

He and some of his principal aides attacked the idea of resuming relations with the United States and with the Soviet Union, describing them equally as "imperialist and reactionary."

Still, administration officials think that when Mr. Hoxha steps down, Albania might shift its poli-

cy. The view appears to be shared in Moscow and Belgrade.

Administration strategists are increasingly regarding the Balkan region as an arena of competition between the Soviet Union and the United States, specifically in Yugoslavia. Facing a severe economic crisis, the Belgrade government has turned more in recent months to the Soviet Union as a trading partner and to the United States and other Western countries for loan and credit support.

Specialists in Balkan affairs recall that because of a lack of solid information about the state of affairs in Albania, previous U.S. overtures were peculiarly ill-timed, and one now might be poorly timed, too.

In April 1973, a specialist recalled, Kenneth Rush, then deputy secretary of state, said in a speech that if Albania was to show interest in talks with the United States, it "will find us prepared to respond."

U.S. claims in Albania amount to about \$10 million for properties belonging to U.S. citizens that were nationalized by the Albanian government.

Britain has a sizable claim arising from a maritime incident on Oct. 22, 1946. On that day two British destroyers struck mines in the Corfu Channel, adjacent to Albania, and 44 sailors were killed. Britain blamed Albania, although the mines could have been placed in the channel by Yugoslavia, which then exercised a protectorate over Albania. Britain sought and won a substantial award — more than half the value of the gold — from the International Court of Justice in The Hague in 1954.

Italy lays claim to the gold on the ground that it was rightfully in possession of it when it was looted from the Bank of Rome by German troops.

The gold is retained by the Bank of England in the account of a British-French-American Commission for the Restitution of Monetary Gold, which provisionally awarded the gold to Albania in 1948.

Mr. Hoxha declared last year that all the gold would have to be returned to Tirana before any discussions on diplomatic relations could begin.

New Empain Company Hit by Bomb in Paris

PARIS — A bomb exploded early Sunday at the headquarters of the Air-Materiel company, formed in June by the industrialist Edouard-Jean Empain, French television reported.

No one claimed responsibility for the predawn blast, which destroyed the ground floor of the 11-story building on the Left Bank of the River Seine. The police said there were no injuries.

Baron Empain, 45, was contacted by the police at Megève, a ski resort in the French Alps, and said he had not received any recent threat, the radio reported. Baron Empain was held by kidnappers for 63 days in 1978.

The company sells spare parts and arms for airplanes, French radio said.

Giving evidence Dec. 13 at the trial of eight persons accused of the kidnapping, Baron Empain said he was still receiving threats from members of the gang who were at large, because he had promised before his release to pay the kidnappers 40 million francs, worth about \$8.5 million.

The trial ended Dec. 17 with four of the defendants sentenced to prison terms ranging from 13 to 20 years.

Baron Empain was head of the Franco-Belgian Empain-Schneider conglomerate and one of the most powerful businessmen in France when he was abducted outside his Paris apartment in January 1978.

He temporarily relinquished control of Empain-Schneider after his release. Last year the conglomerate, which has interests in nuclear power, steel, engineering and

finance, was taken over by a French bank.

Air-Materiel employs about 15 people, the radio said. French press reports have linked the baron's frequent trips to South America with arms sales conducted by the company.

Monarch Praises British Forces in Falklands Fighting

WINDSOR, England — Queen Elizabeth II, in a Christmas message, has paid tribute to the British forces that recaptured the Falkland Islands from Argentina.

In a recorded broadcast from Windsor Castle near London, the queen also thanked Commonwealth countries for their "immensely reassuring support" during the Falklands crisis.

In a speech centered on Britain's seafaring history, the queen said: "Earlier this year in the South Atlantic, the Royal Navy and the merchant navy enabled our sailors, soldiers and airmen to go to the rescue of the Falkland Islanders, 8,000 miles [12,800 kilometers] across the ocean and to reveal the professional skills and courage that could be called on in defense of basic freedoms."

That section of the monarch's address was termed jingoistic by the Communist Party newspaper, Morning Star, which complained that the queen made no reference to the war dead.

HOW TO GET REGULAR INFORMATION ON AFRICA & THE MIDDLE EAST

Over sixty publications in English and French on Saudi Arabia, Nigeria, Egypt, Iraq, Algeria, Ivory Coast, Cameroon, Gabon, and other important African and Arab countries.

Over 15,000 editorial pages per year on political, business, economic and cultural affairs.

PUBLICATIONS
25 years of publishing on Africa & the Middle East.

IC Magazines Ltd, P.O. Box 261, Carlton House, 69 Great Queen Street, London WC2B 9EZ.
Edific - La Documentation Africaine - 57, Avenue d'Iéna - 75783 Paris Cedex 16.

SEND ME A FREE SAMPLE COPY OF:

- ☐ Nigeria Newsletter
- ☐ Saudi Arabia Newsletter
- ☐ Gulf States Newsletter
- ☐ The Middle East Magazine
- ☐ New African
- ☐ African Business
- ☐ Middle East Travel
- ☐ Middle East Industry & Transport
- ☐ Algérie Sélection
- ☐ Cameroun Sélection
- ☐ Côte d'Ivoire Sélection
- ☐ Gabon Sélection
- ☐ Maghreb Sélection
- ☐ Moyen-Orient Sélection
- ☐ Afrique Informations
- ☐ Bulletin de l'Afrique Noire

Name _____

Address _____

Country _____

Return this form to London or Paris

100

هكذا من الأهل

International Herald Tribune
We've got news for you.

MONDAY, DECEMBER 27, 1982

INVESTOR NOTEBOOK

By FRED R. BLEAKLEY

Professionals on Wall Street Believe Bull Run Will Persist

This is first in a series of three articles about the outlook for stocks in 1983. The remaining articles will look at the London and Tokyo stock markets.

NEW YORK — To most Americans, the stock market's record rally in late summer and early fall in the face of a gloomy economic picture stretched the bounds of reason, seeming like a chapter out of "Extraordinary Popular Delusions and the Madness of Crowds," a book published in 1841 that chronicled such investment frenzies as the South Sea Bubble and Tulipomania.

Not only was the economy riding from one of the worst recessions ever, but the recovery that finally was in the offing looked to be more rapid than robust.

In the professional money men who stoked the fastest one-day price advances in the busiest trading days ever, however, the bull market is based on reality and will endure. They see no reason why it should not at least match the average 65 percent gain and 30-month duration of previous major market booms.

At the same time, these institutional investors and the Wall Streeters who advise them say they fully expect there could be more than a few successive trading sessions with declining prices that might seem at first to prove the folly of it all. But such profit-taking and cooling-off periods are inevitable and only temporary, they say.

What is coming into play, it is argued, are major changes in the investment landscape that make the buying and holding of common stocks more attractive. For one thing, there is the likelihood of an economic upturn, albeit a slow one. And whenever that has occurred in the post-Depression era, according to William Freund, chief economist at the New York Stock Exchange, the market has sensed it at least three months in advance.

Stocks respond favorably to the likelihood of an upturn because "what really matters," Mr. Freund said, "are future earnings — you can't get your hands on book value," a company's liquidation value. He defined the price of a stock as the "present value of its anticipated future earnings."

Stocks, of course, are a way for the public to share in the growth of corporate earnings. They may do so through increased dividends and through price appreciation of shares as the market places an increasingly higher value on the company's strength and potential. Unlike bonds, which have a stated value at maturity and can only gain in price when interest rates decline, there is unlimited upside potential in stocks, provided earnings continue to grow and the market has not run ahead of itself.

Lately, the twin blessings of lower interest rates and lower inflation have contributed even more to the bullish fervor than immediate economic prospects. When Treasury bills were at 13 1/2 percent and 90-day certificates of deposit were above 15 percent in February, investments in these instruments were too tempting to pass up. But as those rates plummeted by year-end to 6 1/2 percent in equities, 30 percent in bonds and 5 percent in cash, before that change, the recommended weighting was 55 percent equities, 40 percent bonds and 5 percent cash.

For the longer haul, stocks are benefiting from the decline in inflation and the expectation that it will stay lower. When inflation was in double digits, the 9-percent historic rate of return from stocks was uncompetitive. This led investment advisers to wealthy individuals to recommend a strategic shift from the so-called paper, or intangible, assets, such as stocks and bonds, to tangible, real assets, such as real estate and collectibles, whose value would at least keep pace with inflation.

Now, the bloom is off the tangible asset rose because of declining inflation. Thus, investment advisers are recommending a shift to financial assets. The decline in short-term rates recently to the 7-percent range makes their real return above the inflation rate unattractive even considering the extra risk of owning stocks, investment strategists say.

The case for owning long-term bonds over equities has also weakened because of the decline in rates and the sizable rally in prices. The bellwether long-term Treasury bond, the 14s of 2011, for instance, hit a summer-tough price of 97. Recently, it was trading at 127.

Assessing that much of the rally in bond prices is over, Goldman Sachs said in its monthly strategy report in late October, "We believe equity returns will exceed bond returns over the next 12 to 15 months." Goldman said that its model portfolio for private pension funds would be moving by year-end to 65 percent in equities, 30 percent in bonds and 5 percent in cash. Before that change, the recommended weighting was 55 percent equities, 40 percent bonds and 5 percent cash.

For the longer haul, stocks are benefiting from the decline in inflation and the expectation that it will stay lower. When inflation was in double digits, the 9-percent historic rate of return from stocks was uncompetitive. This led investment advisers to wealthy individuals to recommend a strategic shift from the so-called paper, or intangible, assets, such as stocks and bonds, to tangible, real assets, such as real estate and collectibles, whose value would at least keep pace with inflation.

Now, the bloom is off the tangible asset rose because of declining inflation. Thus, investment advisers are recommending a shift to financial assets.

(Continued on Page 8, Col. 5)

Japanese Trade Plan Is Rescued

Compiled by Our Staff From Dispatches

TOKYO — A Christmas package designed to appease Japan's trading partners almost came unraveled during the weekend before the government reached a compromise with the farm lobby.

After announcing last week a plan to reduce tariffs on more than 70 products, the government on Friday removed from the list three key items — tobacco, chocolate and biscuits — under pressure from farm advocates in the ruling Liberal Democratic Party. The three items were reinstated Saturday only after the government promised help for Japanese companies hurt by increased competition from imported goods.

The government promised increased aid for 100,000 tobacco growers and a sharp reduction in the tax on sugar used for chocolate and biscuits.

The tariff on tobacco is to be lowered to 20 percent from 35 percent, and that on chocolates to 20 percent from 31.9 percent, the government said Saturday. Biscuit tariffs are to be reduced to between 20 and 24 percent from between 31.9 and 36.3 percent.

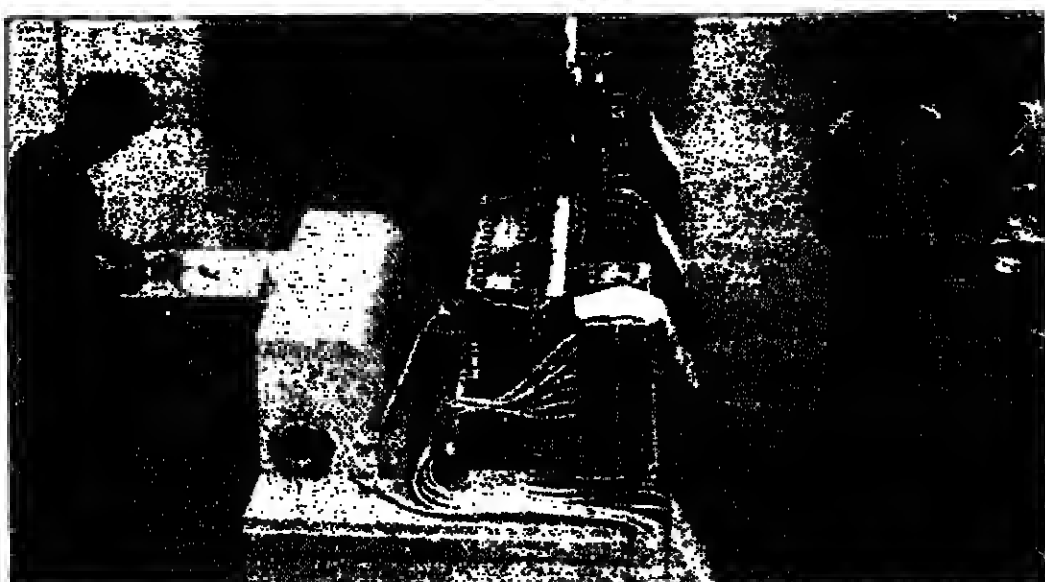
In addition, tariffs are to be reduced on an average of 10 percentage points on 47 agricultural products including dried grapes, papaya, vegetable juices, chewing gums, canned fruits and jam, said Osamu Narai, assistant director of the Economic Planning Agency's coordination division.

Import quotas for citrus juices, not including orange juice, will be expanded from 4,300 tons a year to 5,000 tons, for tomatoes to 3,000 tons, tomato juice from 481 kiloliters to 3,000 kiloliters, peanuts from 49,800 tons to 50,000 tons, fruit puree pastes from 1,360 tons to 3,000 tons, and beans other than soybeans to more than 110,000 tons.

The measures, virtually assured of approval by the LDP-controlled Diet, are to go into effect next April 1.

In addition to tariff cuts and quota expansion, Mr. Narai said the government will study ways to improve distribution of imported tobacco and other means of promoting imports and industrial cooperation.

Two packages of trade concessions announced earlier this year failed to satisfy the United States and Western Europe, and the Japanese government has been trying to push through new tariff cuts before Prime Minister Yasuhiro Nakasone visits the United States in mid-January. The pressure for trade moves is a result of Japan's swelling trade surpluses. The United States, for example, is expected to record a record trade deficit of \$19 billion with Japan for 1982.



Assembling telecommunications gear at an L.M. Ericsson plant in Athlone, County Westmeath.

Irish Jobs Strategy Is Questioned As Foreign Firms Slow Investment

By Kevin McKenna

DUBLIN — Four years ago, amid fanfare, launched an Irish plant in Newbridge, County Kildare. By this year it was expected to provide 1,500 jobs. But employment never got beyond 160, and last month the plant was closed.

It was not an isolated incident. After two decades of growth that changed the face of Ireland, the country has been hit hard by the world recession. The infusion of foreign investment that fueled Ireland's boom has slowed considerably, and aspects of the country's development strategy are being called into question.

As a result of Ireland's development efforts, foreign electronics and pharmaceutical companies are present in substantial numbers, among them Digital Equipment, Amdahl, Apple Computer and Abbott Laboratories. Between 1975 and 1981, American companies accounted for 62 percent of all foreign investment. Most have been attracted by the tax incentives and grants that Ireland has offered and by the access that it affords to the European market.

About half the jobs created through the Industrial Development Authority, which oversees Ireland's incentive program, are from foreign investment, and foreign enterprises now employ about one-third of the country's manufacturing work force. In electronics

alone, there are 15,000 Irish jobs in a field where 10 years ago there were virtually none.

But in the current world economic climate, that kind of growth has been impossible to sustain. Irish gross national product will show a 1.5-percent decline in real terms this year, according to the Economic and Social Research Institute in Dublin, and its forecast for next year is growth of only 1 percent. With Ireland's labor force growing nearly twice as fast as the European Community average, the stagnation is almost certain to add to unemployment, already put at 13.5 percent by the EC.

The development authority estimates that new overseas grant-aided investment this year has fallen by one-quarter from 1981's level, to 240 million Irish pounds (\$330 million).

Peter Bacon of the Economic and Social Research Institute said: "It's a worldwide problem, so a major beneficiary of that investment can't expect gains." Robert P. Chalker, executive director of the U.S. Chamber of Commerce in Ireland, agreed. "Anything that makes it difficult for foreign investment is going to hit Ireland harder," he said. "It's a time of caution of slowing down. Nobody's ready for jumping off balconies, but they realize times are hard."

The results of the squeeze are apparent. Centronics, which once employed 320 in its Drogheda factory

(Continued on Page 8, Col. 6)

Low U.S. Auto Output Likely to Aid '83 Profits

By John Holusha

DETROIT — When the assembly lines of the five U.S. automakers halted on Thursday for the customary year-end break, they had produced the fewest cars for any year since 1958.

But industry analysts said the extent of the cutback, to an estimated 5,055,551 cars this year from 6,280,000 in 1981, will help ensure that 1983 will be a better year for the automakers. That is because low inventories increase the chance of order rises next year, and higher orders have a quick impact on earnings.

Although analysts estimate that

this year will fall to 5.7 million units for the U.S. producers from 6.2 million in 1981, the production drop was much steeper. Manufacturers held to lean production schedules and resisted the temptation to increase output sharply whenever sales showed a slight upturn, as they have in the past eight weeks.

The result of this production restraint is that dealers will end the year with the lowest inventory level in many years. At the end of November, the domestic new-car inventory stood at 1.1 million units, the lowest in 12 years. Based on current selling rates, that means that dealers had a 52-day supply of cars, well below the 70-day supply of recent years.

GM dealers had the lowest stocks with a 47-day supply of cars, compared to a 57-day supply for Ford and 69 days for Chrysler, according to Ward's Automotive Reports, an industry publication.

Industry sources estimate that stocks at year-end will be somewhat higher, at 1.2 million cars. The year began with stocks of 1.47 million cars on hand, so dealers will have reduced their inventories by 270,000 cars during the year, despite the low level of sales. Many dealers, hit by the cost of financing inventories, have refused to stock as many cars.

This year's production restraint will tighten next year's earnings reports, industry analysts said. Harvey Heimbach, an analyst with Merrill Lynch, said in a recent report on the automotive industry: "Reflecting an absence of this year's inventory drop, domestic auto production should rise substantially from the depressed 1982 level. At that point, the effect of the industry's cost-cutting efforts should become fully apparent in its income statements." He said he expects GM to earn about \$2.15 billion in 1983, Ford about \$500 million and Chrysler about \$140 million.

Production is dependent on retail sales, but with a delay. Manufacturers record a car as sold when it leaves the assembly plant on the way to a dealer, so an influx of dealer orders means a quick rise in earnings, even if the cars are not bought by customers until weeks or months later.

At this point, according to Ward's, the manufacturers' production schedules call for 1,445,000 cars to be assembled domestically in the first quarter, up 21 percent from the fourth quarter of 1982.

According to securities dealers, bank purchases of tax-exempt bonds have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

According to securities dealers, bank purchases of tax-exempt bonds have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

According to securities dealers, bank purchases of tax-exempt bonds have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

According to securities dealers, bank purchases of tax-exempt bonds have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

According to securities dealers, bank purchases of tax-exempt bonds have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

According to securities dealers, bank purchases of tax-exempt bonds have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

According to securities dealers, bank purchases of tax-exempt bonds have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

Mexico's Alfa Plans Sale of Most Units To Pay Off Debts

By Alan Riding

MEXICO CITY — The Alfa Industrial Group, Mexico's largest conglomerate, has proposed divesting itself of all but a handful of its more than 50 subsidiaries as the only way of resuming payments on its \$2.3 billion of foreign debt.

The proposal was drawn up by Alfa's financial advisers, Lehman Brothers Kuhn Loeb of New York, and presented to the corporation's 134 private foreign creditors at a meeting in Houston on Dec. 15, banking officials report.

Initial reactions are expected when Alfa's management meets again with foreign bankers in Houston on Jan. 20. "But don't expect any quick solution," one banker warned. "This could take six months or more to sort out."

Much would appear to depend on Alfa's ability to find buyers for many of its subsidiaries, and on the government's willingness to relax foreign investment rules to permit multinational corporations to acquire more than the 49 percent of the shares in these companies now permitted.

No less important, however, is creditor response to the complicated arrangements. "The complexity of the solution reflects the complexity of the problem," said one American banker, who asked not to be identified. "It's no secret that Alfa's internal finances were a mess."

The Monterrey-based conglomerate, which enjoyed a long period of expansion, diversification and profits before its financial crisis developed in mid-1981, has been unable to repay principal on its debt since last April. In August, interest payments by most of its subsidiaries were also suspended, pending announcement of a restructuring of the conglomerate.

The loan by the 146-nation fund is the centerpiece of a financial rescue operation intended to provide Mexico with enough cash to make good on its \$85-billion foreign debt, one of the highest in the world.

The credit agreement requires Mexico to impose sharp cutbacks in public spending and reductions in a variety of government services to make more funds available for foreign debt repayment.

The IMF said that \$7 billion of new financing, aside from the IMF loan, would be required by Mexico to insure that its adjustment program was adequately financed. Of this \$5 billion is expected to come from commercial banks and \$2 billion from about 10 countries in the form of trade credits.

American officials said the trade credits would be tied directly to purchases by Mexico of food and industrial goods from the creditor countries, which include most of the leading industrial nations and Spain.

An American official said the "burden sharing" had not yet been worked out among the participating countries, but the IMF said it had received "authoritative assurances" that the \$2 billion would be available. In past loans made by the Group of 10 industrial nations, the United States generally has taken about a 20 percent share.

The so-called liquidating trust plan is built around the idea of saving a "core group" of profitable subsidiaries consisting of the Hylsa steel company and the Petrol, Polioles, Nylon de Mexico and Fiquera petrochemical companies, which would be reorganized into a new Alfa holding company.

At the same time, another holding company, Zeta, would assume responsibility for managing the remaining subsidiaries over five years until they could be sold. These companies are involved in paper and packing, food processing, real estate and electrical goods.

Under the proposal, all companies would remain responsible for direct credits they received, while loans guaranteed by Alfa would be taken over and divided between "new" Alfa and Zeta. In theory, new Alfa's companies could therefore help repay some of the money owed by Zeta subsidiaries.

Lehman Brothers also suggested that Alfa's debt to the Mexican government, principally a \$245-million loan from the state Public Works Bank early this year, be similarly divided between new Alfa and Zeta.

Foreign bankers see a number of difficulties with the proposal. Bankers with direct credits to Hylsa, for example, are not happy at the prospect that some of the company's dividends would be used to cover loans to Zeta subsidiaries, loans that had been guaranteed by the original Alfa holding company.

IMF Loan Approved
The International Monetary Fund, as expected, has given final approval for a \$3.9-billion loan to Mexico and said \$2 billion of new credit had been arranged from 10 industrial nations. The New York Times reported from Washington.

The loan by the 146-nation fund is the centerpiece of a financial rescue operation intended to provide Mexico with enough cash to make good on its \$85-billion foreign debt, one of the highest in the world.

The credit agreement requires Mexico to impose sharp cutbacks in public spending and reductions in a variety of government services to make more funds available for foreign debt repayment.

The IMF said that \$7 billion of new financing, aside from the IMF loan, would be required by Mexico to insure that its adjustment program was adequately financed. Of this \$5 billion is expected to come from commercial banks and \$2 billion from about 10 countries in the form of trade credits.

American officials said the trade credits would be tied directly to purchases by Mexico of food and industrial goods from the creditor countries, which include most of the leading industrial nations and Spain.

An American official said the "burden sharing" had not yet been worked out among the participating countries, but the IMF said it had received "authoritative assurances" that the \$2 billion would be available. In past loans made by the Group of 10 industrial nations, the United States generally has taken about a 20 percent share.

Christmas Spirit Belies Anxiety Over Future of Welsh Steel Mill

By Barnaby J. Feder

NEWPORT, Wales — First came the rumors. Then, last Monday, the British government confirmed that it would preserve Ravenscraig, British Steel's only integrated steel mill in Scotland.

The decision was contrary to the recommendation of Ian MacGregor, British Steel's hard-boiled chairman, and a challenge to Christmas spirit here in the south Wales city of 135,000 that is the home of the huge Llanwnnog works. People here do not want to see Scottish steelworkers lose their jobs, but fear is widespread that the successful defense of Ravenscraig means more jobs cut at Llanwnnog next year and may in the long run undermine Llanwnnog's own struggle to survive.

That struggle has produced dramatic productivity gains at the price of cutting the work force from a 1973 peak of 9,800 to 4,137,

including a recently announced reduction of 350.

Alan Britton, 23, an employee in Llanwnnog's central engineering shop, said, "We're worried," as he sat in front of the Christmas tree in the card-decked, present-laden living room of his fiancée's parents. "Sharon and I are getting married in March, we just bought a house, and I can't be sure that I won't be made redundant."

It is not just the well-publicized woes of British Steel, which is losing \$12.8 million to \$14.4 million a week. In pubs and in breaks from last-minute shopping, the Welsh quickly acknowledge that whether Western steelmakers are also being driven to the wall by worldwide economic recession and growing competition from abroad.

The Rev. Ray Taylor, an industrial chaplain who has been a familiar sight around the plant since it was built in the early 1960s, said, "Llanwnnog has been cowed."

From all appearances, Newport and the towns in the county of Gwent for which it is the hub have taken advantage of Christmas to put aside such thoughts. Llanwnnog and smaller steel works in the area have shut down for the holidays in what Mr. Taylor called "the bit-sweet bonus" that poor business pays to family life. Stores have been crowded with shoppers.

For severance payments, many Llanwnnog workers receive 90 percent of a year's salary, and 80 percent for the next six months, and workers over 55 years old immediately receive pension money that would otherwise have been theirs at the age of 65.

Many Newport merchants experienced a boom in business when 4,300 workers were laid off in 1980. Union leaders were able to fill most of the redundancy slots with workers willing to leave. For some, it was the once-in-a-lifetime opportunity to go into business for themselves.

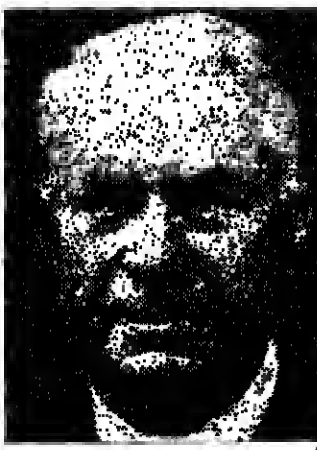
But there are signs the severance payment cushion is not quite as protective as generally healthy retail sales this month might indicate.

Mr. Britton said: "You won't see it much at Christmas — that's the very last thing the Welsh are going to pull back on — but it has had an impact. Not many people go on holidays now and you never find anybody in the clubs during the week."

Hope had risen last spring that the worst was over as British Steel cut its weekly losses to £500,000 (\$797,750), regained domestic share and operated at more than 90 percent of its basic steel capacity of 1.44 million short tons (13 million metric tons). But the bottom fell out of domestic and export markets this summer and imports rose, sending Mr. MacGregor to the government with the advice to close another major facility.

The possibility that it might be Llanwnnog appeared remote at first. Ravenscraig, near Glasgow, seemed the logical candidate because it was less efficient than either Llanwnnog or Port Talbot, another integrated Welsh plant that also makes strip steel.

But the three-month campaign by Scottish politicians, businessmen and clergy arguing that Ravenscraig was crucial to Scotland's industrial future convinced the Conservative government that abandoning the plant was out of



Ian MacGregor

the question politically. Indeed, facing up to the likelihood of an election next autumn, Patrick Jenkin, the industry secretary, announced that none of British Steel's integrated plants would be closed.

He pledged more government financial support and extended British Steel's deadline to break even financially until March 1983.

However, no one is assuming that the implicit promise to maintain all five plants for three years will be honored much past the election. Llanwnnog union leaders, who joined in the campaign to keep Ravenscraig, are now lobbying more intensively than ever for a \$100-million capital investment in a continuous caster, which would eliminate the need to make steel ingots before casting slabs.

Energy now accounts for about 30 percent of Llanwnnog's costs, almost double the labor component, according to the unions. Port Talbot and Ravenscraig have continuous casters already, an advantage that looks ominous to Llanwnnog workers.

A.D.G. Williams, a union leader for process workers, said: "All I want for Christmas is the caster. We've made tremendous strides in manning levels, labor relations and practices. We haven't done all this to see it go down the drain."

Large U.S. Banks Pour Funds Into Securities

By Michael Quint

NEW YORK — Large banks in New York are compensating for declining demand for business loans by increasing their purchases of securities, according to data released by the Federal Reserve Bank of New York.

For the week ended Dec. 15, the 10 large New York City banks had a \$291-million drop in their loans to businesses, to \$61.03 billion. Such loans rose by more than \$6 billion in the first nine months of this year. But since Oct. 6, the level of business loans outstanding has

fallen by nearly \$1.7 billion, largely as a result of the recession. Short-term borrowings have also been reduced as businesses borrowed more in the long-term bond markets.

While loans to businesses have declined, loans to individuals and loans secured by real estate have been growing slowly, and the large New York City banks have also increased their securities investments, the Fed reported Friday.

In the latest week, their holdings of Treasury securities rose only \$5 million to \$8.66 billion, but since midyear such investments have been growing rapidly. In the first six months of the year, Treasury investments fell almost \$875 million, but as interest rates fell and prices rose for debt securities, these investments grew by \$2.63 billion.

Investments in tax-exempt securities issued by state and local governments have declined from the levels at the end of 1981, but in recent weeks have shown signs of increasing. In the latest week the New York City banks added \$120 million to their investment portfolios of tax-exempts to bring the

total of such investments to \$10.96 billion, still \$588 million lower than at the start of the year, the Fed said.

According to securities dealers, bank purchases of tax-exempts have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

According to securities dealers, bank purchases of tax-exempts have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

According to securities dealers, bank purchases of tax-exempts have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

According to securities dealers, bank purchases of tax-exempts have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

According to securities dealers, bank purchases of tax-exempts have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

According to securities dealers, bank purchases of tax-exempts have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

According to securities dealers, bank purchases of tax-exempts have continued to increase since Dec. 15, partly due to the banks' need to reinvest the deposits that are flowing into the new money market accounts. Tax-exempt bonds have been a favored investment.

The Fed planned to release money supply figures Monday, rather than Friday as usual, because of the Christmas holiday.

CURRENCY RATES

Interbank exchange rates for Dec. 23, excluding bank service charges.

	\$	£	D.M.	F.P.	Y.P.	Sw.	S.F.	N.Y.
Australian	2.257	1.493	16.85	36.5	1.077	2.44	21.19	2.42
Belgian (fr.)	46.99	75.792	19.36	4.91	3.922	17.04	22.78	5.54
British	2.401	1.35	16.85	36.5	1.077	2.44	21.19	2.42
Canadian	1.294	1.00	16.85	36.5	1.077	2.44	21.19	2.42
French (fr.)	126.04	2.2270	16.85	36.5	1.077	2.44	21.19	2.42
German	1.936	1.474	16.85	36.5	1.077	2.44	21.19	2.42
Italian	1.936	1.474	16.85	36.5	1.077	2.44	21.19	2.42
Japanese	2.401	1.35	16.85	36.5	1.077	2.44	21.19	2.42
Swedish	2.401	1.35	16.85	36.5	1.077	2.44	21.19	2.42

Warner Cancels Merger, Reports Aides Sold Stock Before Price Fell

New York Times Service
NEW YORK — Warner Communications, the diversified communications company whose stock plunged after the announcement that earnings would be lower than expected because of disappointing video game sales by its Atari subsidiary, has canceled its agreement to acquire Madison Fund, a closed-end investment company.

The announcement came a day after Steven J. Ross, chairman of Warner, disclosed that some officers and employees of Atari, including Raymond E. Kassar, chairman and chief executive, sold Warner shares just before the earnings statement that caused the share price to fall.

Warner said Friday that the acquisition agreement was canceled because the lower Warner stock price had made Madison Fund too expensive to acquire through an exchange of Warner securities for Madison shares. Warner stock has dropped more than \$21 in just over two weeks and that meant increasing the number of Warner securities that would have had to be issued to complete the transaction, the company said.

In a prepared statement issued shortly after 5 P.M. Friday, Mr. Ross said, "Our Dec. 8 announcement that our 1982 earnings would exceed those of 1981 by only 10 to 15 percent has led to a decline in the price of Warner common stock and warrants that make any acquisition for Warner securities economically unrealistic and imprudent at this time."

He added, "Madison Fund understood the problem and agreed that in the circumstances, the termination of the transaction was in the best interest of all parties."

The Warner-Madison deal, announced on Oct. 7, called for Madison shareholders to exchange their stock for Warner debentures and for Madison to become a subsidiary of Warner.

Warner's plan was to sell off Warner's stock portfolio, valued at about \$380 million, thereby "buying liquid assets with long-term debt" in the form of Warner securities, according to Geoffrey W. Holmes, Warner's vice president for investor relations.

Madison stockholders, in turn, would have received Warner stock as full net asset value of \$23.60 a share for their holdings. Madison Fund closed on Thursday on the New York Stock Exchange at \$22.25 a share.

As originally structured, each Madison share would have been exchanged for a newly created Warner debenture due in 2007 carrying a 10-percent coupon and a newly created Warner warrant, or right, entitling the holder to acquire one-fifth of a Warner common share at \$55 a share, roughly the value of Warner stock when the deal was announced. A definitive acquisition agreement containing these terms was announced on Nov. 12.

However, after the Dec. 8 earnings announcement, as Warner's stock fell, the terms of the deal were revised. The interest rate on the debenture was increased to 10 1/2 percent and the warrant was revised to entitle the holder to one-fourth of a share of Warner common instead of one-fifth.

The Madison Fund office in New York was closed when the Warner announcement was made and Madison officials could not be reached. The Madison Fund was a major investor in AM International.

Saudi Gas Sales to Japan

TOKYO — Nearly 20 Japanese oil refiners and trading houses have concluded new five-year contracts with Petromin, Saudi Arabia's state oil company, to import a combined total of about three million metric tons of liquefied petroleum gas a year starting next month, industry sources said Friday.

al, the office equipment and electronics company now in bankruptcy proceedings. In November last year, before the bankruptcy, Madison sold its 16 percent AM stake at a loss of \$20 million.

Mr. Holmes said that "when we originally did the deal with Madison, it was to be done as an attractive alternative form of financing." He added, "But it became not an attractive way to raise capital."

Information about the sales of Warner shares came to light during an independent audit that Mr. Ross ordered after making the Dec. 8 earnings announcement, he said late Thursday.

He said that at his instructions, representatives of Warner and Atari met in Washington with the Securities and Exchange Commission and disclosed the information concerning the insider stock trading. In Washington, the SEC, in a statement, said, "The commission as a matter of policy does not comment on what may or may not be the subject of an investigation."

Mr. Ross said the results of the audit would be turned over to the SEC.

He said that Mr. Kassar had informed him that he had sold 5,000 shares of Warner's stock on Dec. 8, the day of the earnings announcement, and that Dennis D. Groth, executive vice president of Atari, had sold 6,376 shares of Warner's common on Dec. 1.

In a statement from Atari's headquarters in Sunnyvale, California, Mr. Kassar said that his sale was made as "part of his year-end tax planning and has been the subject of discussions with his broker and tax adviser."

Mr. Kassar said the discussions occurred substantially before Warner's announcement on Dec. 8. He said he had given instructions to cancel the sale after the announcement.

Mr. Groth said he had advised Warner that his transactions in the Warner stock were "not effected on the basis of inside information."

Ruling in U.S. Casts Doubt on Bankruptcies

New York Times Service
WASHINGTON — The Supreme Court has refused to extend the Dec. 24 deadline it gave Congress for restructuring the U.S. bankruptcy courts.

With Congress out of session, the court's action casts doubt on the ability of the court system to handle corporate and personal bankruptcies.

Without comment, the court turned down Thursday a last-minute appeal by the Justice Department to give Congress another three months to bring the bankruptcy system into compliance with a Supreme Court decision of last June that the 220 bankruptcy judges could not constitutionally exercise the broad powers Congress had granted them when it revised the bankruptcy laws in 1978.

Federal judicial districts already had adopted a "model rule" authorized by the Judicial Conference of the United States as a way of handling bankruptcy cases if the deadline passed without congressional action. Under that rule, the district judges will essentially assume the bankruptcy jurisdiction that the Supreme Court said could not constitutionally be exercised by the bankruptcy judges.

But many bankruptcy experts say that the system will be cumbersome at best, with overburdened district judges unable to give bankrupt companies the prompt attention that can make the difference between reorganization and failure.

Japan Vehicle Exports Fall

TOKYO — Japan's vehicle exports last month fell 7 percent from a year earlier to 434,000, the 16th consecutive monthly decline, the Japan Automobile Manufacturers Association said Friday.

Wall Street Money Men Say Rally Will Persist

(Continued from Page 7)
cial assets, which usually rise when inflation is falling or stable.

With financial, or paper, assets, back in vogue, there is the potential for a sizable expansion in the multiple at which a stock trades over its earnings per share. After trading at 18 times the previous year's earnings around 1970, the Standard & Poor's index of 500 stocks has only lately been approaching double digits once again. There is a large amount of catching-up, partly because the price of stocks in general has not advanced in the last decade while corporate earnings have continued to grow.

Also, on a historic basis, price/earnings multiples increase when the inflation rate declines, noted Edward Kerschner and Charles Padilla, investment strategists for Faine, Webster, Mitchell, Hutchins, in support to clients last month. As of Nov. 1, the S&P 400 index carried a multiple of 8.1 times expected earnings for the next 12 months, they said. By their calculation, that multiple reflected an expected 34-percent inflation rate, rather than one several points lower, which most economists, including Faine Webster's, expect for 1983.

And as Mr. Kerschner and Mr. Padilla told clients, "If the market were priced reflecting a 54-percent inflation rate, the normal multiple would be almost double today's levels."

But where will the sun shine the brightest if there is to be a prolonged bull market? Many investors might be tempted to load up on small company stocks. Between 1975 and 1981, the bottom 20 percent of New York Stock Exchange-listed stocks, in terms of market capitalization, performed 2 1/2 times as well as the S&P 500 index, according to Steven Einhorn, vice chairman of the investment committee at Goldman Sachs.

But that may not be the case this time around, he added. Before 1975, small stocks had been beaten down more than large stocks and looked cheap by comparison. Now

they are closer, Mr. Einhorn said. Also, several years ago institutions were looking to diversify away from the so-called Nifty Fifty growth stocks. That portfolio rebalancing has now taken place and the institutions are better diversified, Mr. Einhorn observed. Nonetheless, in the second phase of a bull market that some observers say may be imminent, the smaller, more speculative names usually get caught up in the rush of enthusiasm.

What is more, according to Steven Leuthold of the Leuthold Group, an independent research firm associated with Lynch, Jones & Ryan, New York, the small stock sector of the market is rife with takeover candidates. "With the easing of interest rates," he said, "there are going to be a lot of buyout offers."

Increasingly, though, a debate is growing over the timing and size of corporate earnings rebounds. Many professional investors are sticking with consumer-oriented companies in the so-called nondurable areas such as food, soft drinks and retail, whose stocks performed well before the August rally began. Others expect corporate earnings in general to rebound faster than expected.

Harold Ehrlich, chairman of Bernstein-Macaulay, the money management arm of Shearson/American Express, is one. Among companies whose earnings he believes will surprise investors are large oil companies with big natural gas components, such as Standard Oil (Indiana), Superior Oil and Phillips Petroleum.

Mr. Einhorn of Goldman Sachs said his firm is de-emphasizing defensive stocks not sensitive to economic shifts. Such stocks are mainly found in the consumer nondurable and consumer services sectors.

Instead, the firm favors consumer cyclical stocks in sectors such as building materials, home building, railroads, airlines and autos.

The inevitability of a corporate earnings recovery, whenever it occurs, has prompted many investment strategists to conclude that, despite the surge in stock prices already seen, "the bulk of the bull market move is ahead of us," as Faine Webster's chief investment officer, Ronald Glantz, told investors via a live transmission on Nov. 10. He added that he would not be surprised to see the Dow Jones industrial average advance 70 percent more by the end of 1984.

Almost as bullish is Mr. Einhorn of Goldman Sachs. He expects the Dow to hit 1,175 to 1,200 by the end of next year and rise as much as 10 percent more in 1984.

The New York Times

BUSINESS BRIEFS

Barclays Asia Ends Plan to Put Property Firm in Receivership

HONG KONG (Reuters) — Barclays Asia Ltd. announced Friday that it has abandoned an effort to have a receiver appointed for Eda Investments Ltd., a property company squeezed by the drop in real estate prices here.

Barclays said it was seeking urgent talks with other major lenders to the group, which is controlled by C.M. Chung and his family and is renegotiating repayment of 1.4 billion Hong Kong dollars (\$215 million) owed to 23 banks.

Barclays said it had been prepared to apply to Hong Kong's high court to proceed with a form of receivership provided it had sufficient support from other lenders. The bank said it did not seek to continue the receivership it had initiated at the other lenders' request because it felt the support, though significant, was inadequate.

The receiver told a hearing before a high court judge Thursday that he "had been able to locate and arrange for subsequent payment into court of a substantial sum of money belonging to the company," Barclays said.

French Bank to Offer Euronotes

LONDON (Combined Dispatches) — Banque Paribas du Commerce Extérieur is raising \$500 million with a five-year floating rate Euronote. Credit Suisse First Boston announced Friday.

Guaranteed by France, the notes are to pay a margin of 1/4 percentage point over the mean of the bid and offered rates for six-month London Eurodollar deposits. The expected payment date is Jan. 31. Credit Suisse and Société Générale are the lead managers.

Earlier last week, Commerzbank announced a \$100-million, seven-year Eurobond issue to be used as part of an interest-rate swap with a second party, which was not identified. The par-paid bond, which is non-callable, carries an 11 1/2-percent coupon and par pricing. Investors will have to pay 20 percent of the price around Jan. 19 and the remainder about six months later.

U.S. Money Funds Suffer Record Fall

NEW YORK (NYT) — Total assets of U.S. money market mutual funds dropped by \$8.3 billion, a record, in the week ended Wednesday, the Investment Company Institute said.

That brought the decline in money fund assets since the start of December to \$14.8 billion, or 6.4 percent of the \$232.3 billion outstanding at the beginning of the month. Although a portion of the slump is traceable to normal holiday spending, the larger part reflects the intense competition for savings that has developed since the government allowed banks and thrift institutions to begin offering accounts that have no ceilings on the interest rates they pay, permit easy withdrawal and carry federal deposit insurance.

Money market accounts have been available at the banks since Dec. 14 and the Investment Institute report on Thursday, because it covered the first full week of their existence, was the first indication of their ability to draw money from the money market mutual funds.

Japan Sees Economic Growth Rising

TOKYO (Reuters) — The Japanese economy is officially forecast to grow by 3.4 percent in the financial year beginning next April 1, compared with a revised 3.1 percent in the current year, the Economic Planning Agency said Friday.

Agency officials said the projection was contained in an EPA-drafted economic outlook for 1983 approved by the Japanese cabinet. The agency's director-general, Jun Shiozaki, said the Japanese economy would show considerable recovery from the latter half of the new fiscal year and was likely to achieve a growth rate of 3.4 percent in the following fiscal year as well.

The agency also forecast a trade surplus of about \$20 billion, compared with about \$19 billion in the current year. Inflation was projected at 3.5 percent, against an expected 2.7 percent.

Company Notes

EL PASO CO. said Thursday that a U.S. court granted it a temporary restraining order stopping Burlington Northern from proceeding with a tender offer of \$24 a share for 50.7 percent of El Paso. The order is pending a hearing scheduled for Dec. 30.

MITSUBISHI HEAVY INDUSTRIES said Friday it has won orders from Greek and New Zealand owners for the construction of three vessels for delivery by May 1984. It declined to disclose the contract values.

CIE, FRANCAISE DES PETROLES said Friday that its Total Holdings (Australia) unit has set its refining and distribution activities to Ampol in return for an unspecified stake in Ampol's capital. It said Total will continue to search for and produce oil and natural gas as well as maintain activities in developing coal and uranium deposits in Australia.

AMFAC said Thursday it will show a gain of \$13.5 million, or 90 cents a share, from the sale of the Royal Lahaina Hotel at Kaanapali Beach, Maui, Hawaii. The hotel was sold by Fort Associates, composed of related entities of Amfac and the Bass family of Fort Worth, Texas, to Pleasant Travel Service of Westlake, California.

French Current Account

PARIS — France's seasonally adjusted current account deficit narrowed to 24.03 billion francs (\$3.53 billion) in the third quarter, from 27.90 billion in the second, but was above the deficit of 1.87 billion in the third quarter of 1981, the government said Friday.

Foreign Firms' Investment Slows in Ireland

(Continued from Page 7)
making computer printers, cut 117 more jobs last month and is down to 23. Burlington Industries has cut its payroll to 1,700 from 2,200 at its three Irish plants. A Fieldcrest Mills joint venture in Kilkenny closed in June, idling 600 workers, although some jobs were saved when a Belgian company took over part of the plant.

Even amid the heady growth of the 1970s, Ireland ran a trade deficit in employment. Emigration has historically been Ireland's answer to unemployment. In the last decade, however, those leaving were outnumbered by those returning home. In addition, the country has the highest birthrate in Europe. Employment, to keep up, must increase by 1.5 percent a year — about 20,000 — at a time when such traditional sectors as agriculture and textiles are shedding jobs.

The answer, it was felt, lay primarily in attracting foreign investment. To that end, the development authority, armed with cash grants averaging 30 percent of capital spending, bullishly recruited investment. This year, it is paying out 147 million pounds in grants to foreign and domestic enterprises, and it has made grant commitments totaling 200 million pounds — down from 290 million last year — for new projects. Such grants have averaged about 7,000 pounds per job created; the government figures it recoups the grants in one year through tax revenues and savings in social benefits.

The authority has had remarkable success, Mr. Chalkley said. "Against lots of competition for foreign investment — Portugal, Belgium, Holland, Greece — they've competed very well."

According to Bill Brosnan of the authority's planning division, the main effect of the recession has been that "companies' plans have been not so much canceled as slowed up." The authority's five-year plan for 1978-82 called for 30,000 annual job "approvals," jobs promised at a future date against grants — and about 15,000 actually created each year. Because of the recession, Mr. Brosnan said, the number of jobs created is running about 10 percent below target; however, many of the jobs originally projected may materialize two or three years behind schedule, he said.

"Next year will probably be difficult again," Mr. Brosnan said. "But once the recession eases, I think we can really take off. We feel no need for any alarm." But he added, "The strategies that worked in the 1970s might not work in the 1980s. An organization like ours has to keep examining itself."

Since the late 1950s, when Ireland abandoned a 30-year policy of economic isolation, its development strategies have been a matter of broad consensus. A study by the American consulting firm Telesis observed, "There is undoubtedly in Ireland a degree of common purpose regarding industrial development that is rarely found in other countries."

But the Telesis study, commissioned by Ireland's National Economic and Social Council and released earlier this year, also raised several criticisms. It found an insufficient emphasis on the ability to sustain jobs, not merely create them, and contended that most foreign companies in Ireland are not putting down deep roots, such as research and development operations.

The report called for greater de-

velopment of skills and supply industries, more emphasis on helping indigenous businesses and on using Ireland's own resources, and increased use of loans and loan guarantees in place of outright grants.

"Ireland has been paying very handsomely for foreign investment," said Frances Ruane, a lecturer in economics at Trinity College who has studied the Telesis report closely. In the future, she said, "I suspect there will be a trend away from handouts and toward solving problems that companies have once they are here."

Meanwhile, the government's financial position is creating dark clouds on the investment horizon. As the recession set in, Ireland borrowed heavily to bankroll expansionary policies and now has a budget deficit of 1.2 billion pounds — about 8 percent of GNP — and total debt of 11.5 billion pounds, almost half of it foreign. The balance of payments deficit this year is put at about 9 percent of GNP. The pound eased from \$2 in 1980 to \$1.30 this autumn before recovering to around \$1.38. Inflation is also a problem; it will be about 17 percent for the year.

Consequently, Mr. Brosnan said, "for the next two or three years at least, domestic policy will be preoccupied with reducing the deficit and reducing borrowing requirements." There is a political consensus for such a policy, but there are few illusions that it will produce an instant turnaround. As a result, Mr. Brosnan said, "Foreign investors are looking at Ireland with an increasingly jaundiced eye."

Italy and Vatican Agree To Hold Bank Inquiry

ROME — Italy and the Holy See have signed an agreement setting up a joint commission to investigate dealings between the Vatican bank IOR and Banco Ambrosiano, the Italian government said Friday.

The ministry said the body would have the task of "establishing the truth" about dealings between the Institute for Religious Works, or IOR, and the collapsed Ambrosiano group. The Italian government has said IOR was responsible for up to \$1.2 billion of debt owed to the Milan bank by South American finance companies. The Vatican said in the past that it had no obligations or standing but expressed readiness to cooperate with Italy to clarify the matter.

SEARS HOLDINGS PLC (CDRs)

The undersigned announces that as from January 5, 1983 at Kas-Associates N.V., Spitsmuis 172, Amsterdam, div. ex. n° 15 of the CDRs Sears Holdings PLC, each repr. 100 shares, will be payable with Dfls. 2.32 (re interim dividend for the year ending January 31, 1983) - 70 p. per share. Tax credit 2.30 = Dfls. 1.31 per CDR.

Non-residents of the United Kingdom can only claim this tax credit when the relevant tax treaty meets this facility.

AMSTERDAM DEPOSITORY COMPANY N.V.

Amsterdam, December 20, 1982.

MITSUBI ENGINEERING & SHIPBUILDING CO. LTD. (CDRs)

The undersigned announces that as from January 5, 1983 at Kas-Associates N.V., Spitsmuis 172, Amsterdam, div. ex. n° 15 accompanied by an "Affidavit" of the CDRs Mitsubisi Engineering & Shipbuilding Co., Ltd., each repr. 100 shares, will be payable with Dfls. 2.32 per (div. per record date 30.9.1982, gross Yen 2.5 p. a.k.) after deduction of 15% Japanese tax = Yen 37.50 = Dfls. 1.1 per CDR.

Without an Affidavit of Japanese tax (= Yen 50. = Dfls. 1.55 per CDR) will be deducted.

After 30.4.1983 the div. will only be paid under deduction of 20% Jap. tax with Dfls. 2.14 net, in accordance with the Japanese tax regulations.

AMSTERDAM DEPOSITORY COMPANY N.V.

Amsterdam, December 20, 1982.

THE DUTCH BUSINESS PAPER:

WALL STREET
FINANCIELE DAGBLAD
Het Financieele Dagblad
The paper to do business with

active tegen
alleging
landels
in Polen
output
design of u
Ned
US
HET FINANCIEELE DAGBLAD

In the Netherlands, corporations and organizations with a staff of 50 and up account for 80 percent of total investments. Within that group of corporations and organizations, the process of investment decisionmaking follows erratic patterns of teams of executives, with varying (with the nature of the investment) compositions. Members of these teams are both general and top managers, as well as specialists and department heads. That makes advertising the ideal instrument to exert some influence on the investment decisionmaking processes, most certainly so during the orientation stages of such processes. An editorial formula that makes the various members of the teams making the investment decisions reach the decisionmaker target groups is usually very significant as compared with other media, and costs per thousand are low.

The above statements are based on IDM '82, an evaluation of the results of DM '82, an industry survey of the socio-economic profile, reading habits, position, and competences and involvement in purchase and investment decisions. "Het Financieele Dagblad" constitutes, both quantitatively and qualitatively, the basis for each and every media plan oriented towards the offering of investment goods and services in the Netherlands.

For further details please contact: Het Financieele Dagblad Advertiser's Department, 21-23 2513, Ad Den Haag, Netherlands Tel.: 070-467703

Gold Options (pence in \$/oz.)

Month	Call	Put	Call	Put
490	21.50-25.50	40.00-44.00	40.00-44.00	40.00-44.00
500	14.00-17.50	20.00-24.00	20.00-24.00	20.00-24.00
510	4.00-6.00	17.00-21.00	17.00-21.00	17.00-21.00
520	2.00-3.00	13.00-17.00	13.00-17.00	13.00-17.00

Gold 444.00-448.00
Valuers White Weld S.A.
1, Quai de Mont-Blanc
1211 Geneva 1, Switzerland
Tel. 31 02 51 - Telex 28 305

This advertisement appears for information purposes only and is not to be construed as a solicitation to buy or sell securities in:

THE SIMMONS COMPANIES
Bid Price: U.S.\$ 14.20 per share.
GLOBAL SECURITIES COMPANY LIMITED
P.O. BOX 483, WICKHAM CAY
ROADTOWN TORTOLA, BRITISH VIRGIN ISLANDS
Telephone area: 809/494-2616
Telex: 918 (onslock) PANKEFOR V.R.
Attention: Mr. Noel BARTON

CROSSWORD

ACROSS

- 1 He was Grant on TV
- 2 Tapestry type
- 3 In the near
- 4 Office worker
- 5 Signals of sorts
- 6 Hit the jackpot
- 7 Reagan, for one
- 8 Yalie
- 9 Reels
- 10 Radar image
- 11 Biblical verb ending
- 12 Fortune card
- 13 Salute of sorts
- 14 Ooze
- 15 Dumbbell
- 16 Certain beetles
- 17 Caviar
- 18 G.P.'s
- 19 Capitol feature
- 20 Kind of helmet
- 21 Wheel part
- 22 Agony
- 23 Succeeded by N.R.C.
- 24 Transmitters
- 25 Advantage
- 26 Breeze catcher
- 27 Upbeat
- 28 Piece of the action
- 29 Night's partner
- 30 Word with under or cut
- 31 Nova
- 32 Suffice for Brooklyn
- 33 What runners and locomotives "get up"
- 34 Rocky pinnacle
- 35 Jewish feast
- 36 Author Jung
- 37 Cen. units
- 38 Lock
- 39 Kind of beam

DOWN

- 1 Refuse
- 2 Sault
- 3 Teachers' org.
- 4 Offensive one, at times
- 5 Perch
- 6 Assimilates
- 7 Adapt
- 8 machinery to new needs
- 9 NAREB member
- 10 Certain pads, for about
- 11 Compass point
- 12 Self-coquet
- 13 S.A. liberator
- 14 Camera supports
- 15 Overseas-news org.
- 16 "lumbagi"
- 17 Pluralizer
- 18 Private eye
- 19 Principals
- 20 Yarn quantity
- 21 Con's partner
- 22 Handle
- 23 problems well range
- 24 Accumulate
- 25 Sugar source
- 26 Grid six-punters
- 27 "begins at home"
- 28 Fumigating device
- 29 Shower of sparks
- 30 Opposites of rotors
- 31 Narrow inlet
- 32 Fox
- 33 "Walkie"
- 34 Capital of the Dodecanese
- 35 Moroccan range
- 36 Painter's prop
- 37 Prophet
- 38 Fricole of Independence, Mo.
- 39 "Ja-la"
- 40 Ice, in Essen
- 41 Suit toppler
- 42 Spoil

WEATHER

	HIGH	LOW		HIGH	LOW
	C	F		C	F
ALABAMA	12	54	9	48	Overcast
ALASKA	14	61	10	50	Overcast
AMSTERDAM	9	48	6	43	Overcast
ANKARA	4	39	0	32	Fair
ANTWERP	14	57	5	41	Fair
AUCKLAND	18	64	13	55	Cloudy
BANGKOK	31	88	24	75	Cloudy
BARCELONA	5	41	0	32	Fair
BEIRUT	18	64	12	54	Overcast
BERLIN	3	37	0	32	Overcast
BIRMINGHAM	10	50	4	39	Overcast
BOMBAY	29	84	24	75	Cloudy
BOSTON	19	66	14	57	Fair
BRAZILIA	7	45	4	39	Overcast
BUDAPEST	5	41	0	32	Overcast
BURBANK	22	72	17	63	Fair
CAIRO	32	90	27	81	Fair
CALCUTTA	32	90	27	81	Fair
CANBERRA	12	54	7	45	Fair
CHICAGO	3	37	0	32	Overcast
COPENHAGEN	4	40	0	32	Overcast
COSTA MESA	16	61	11	52	Fair
DALLAS	18	64	13	55	Fair
DUBLIN	9	48	6	43	Overcast
EDINBURGH	6	43	3	37	Overcast
FLORENCE	12	54	7	45	Fair
FRANKFURT	3	37	0	32	Overcast
GENEVA	4	39	0	32	Overcast
HAGUE	29	84	24	75	Cloudy
HAMPSHIRE	3	37	0	32	Overcast
HONG KONG	15	59	10	50	Fair
HOUSTON	16	61	11	52	Fair
ISTANBUL	13	55	8	46	Cloudy
JERUSALEM	15	59	10	50	Overcast
LAS PALMAS	19	66	14	57	Fair
LIMA	26	79	21	70	Cloudy
LONDON	9	48	7	45	Fair
LOS ANGELES	18	64	13	55	Fair
MADRID	10	50	5	41	Overcast
MEXICO CITY	21	70	16	61	Fair
MIAMI	27	81	22	72	Fair
MILAN	7	45	4	39	Fair
MONTREAL	9	48	6	43	Overcast
MOSCOW	2	36	-1	30	Overcast
MUMBAI	29	84	24	75	Cloudy
NAIROBI	24	75	19	66	Fair
NASSAU	34	95	21	70	Overcast
NEW DELHI	23	73	18	64	Fair
NEW YORK	19	66	14	57	Fair
NICOSIA	15	59	10	50	Fair
OSLO	3	37	0	32	Overcast
PARIS	18	64	13	55	Fair
PRAGUE	1	34	0	32	Fair
REYKJAVIK	9	48	6	43	Overcast
RIO DE JANEIRO	24	75	19	66	Overcast
ROME	12	54	7	45	Fair
SAO PAULO	24	75	19	66	Cloudy
SEATTLE	2	36	-1	30	Snow
SHANGHAI	19	66	14	57	Fair
SINGAPORE	29	84	24	75	Showers
STOCKHOLM	4	39	1	34	Fair
SYDNEY	27	81	22	72	Overcast
TAIPEI	12	54	7	45	Overcast
TEL AVIV	28	82	23	73	Fair
TOKYO	4	40	1	34	Fair
TUNIS	12	54	7	45	Cloudy
VENICE	7	45	4	39	Fair
VIENNA	2	36	-1	30	Overcast
WARSAW	9	48	6	43	Overcast
WASHINGTON	19	66	14	57	Showers
ZURICH	4	39	0	32	Overcast

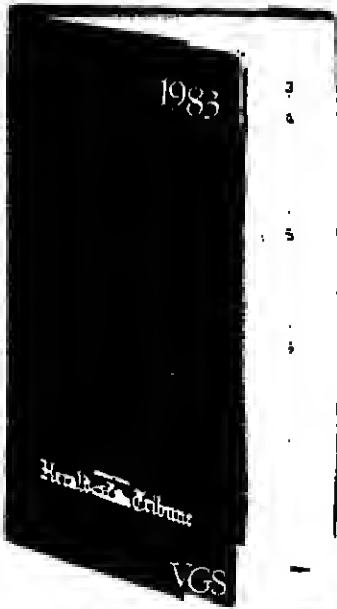
Readings from the previous 24 hours

Readings from the previous 24 hours.

The 1983 IHT Pocket Diary With Its Own Leather Wallet

Our pocket diary was an instant success when we introduced it 3 years ago. Now our new hit is the unique wallet that holds everything — including the diary — without a trace of bulk. Both items in rich black leather, personalized with your initials in gold.

This duo is the perfect way to organize all those little things you need to carry. And the gold-stamped initials make it a great gift idea for business associates and friends.



Herald Tribune

Our famous slim pocket diary with note pad on back

Full week at a glance. Black leather, gold metal corners, built-in note pad on back. Conversion tables; tabbed address section; national holidays of 90 countries; vintage wine chart. (8x13cm.) \$18

Unique IHT wallet

Ingenuously designed to hold the IHT diary plus space for 4 credit cards, a gold metal pen securely anchored in a leather holder, the famous IHT "pull-out" memo pad, and a pocket for notes and business cards. Fine black leather, black silk lining, gold metal corners and your initials in gold. (9.5x14cm.) \$30

Return this coupon with check or money order in any convertible currency, made payable to: "T.J. & J. Smith Ltd."

T.J. & J. Smith Ltd.
Attention: Paul Baker, District House
8 Alexandra Rd., London SW19 7JZ, England

Please send me _____ 1983 Pocket Diary(ies) at \$18 each

Our Special Wallet(s) at \$30 each (Diary purchased separately)

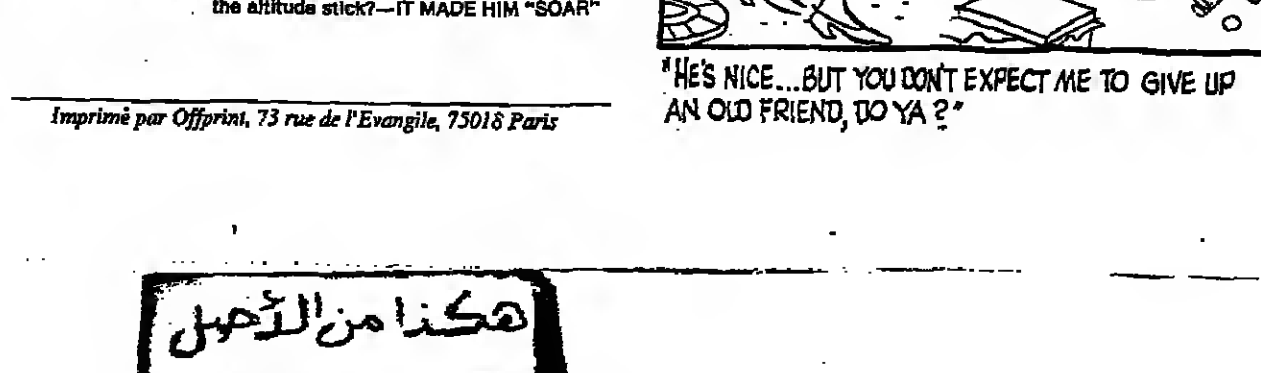
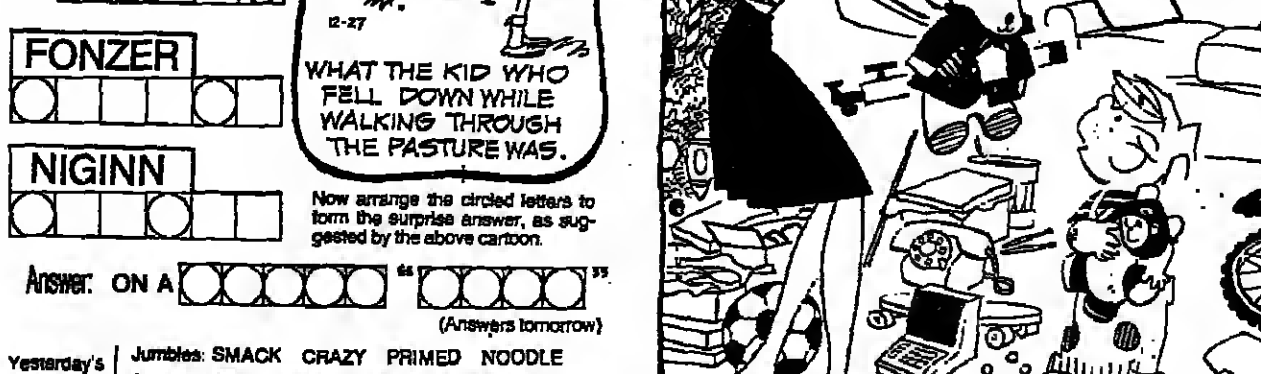
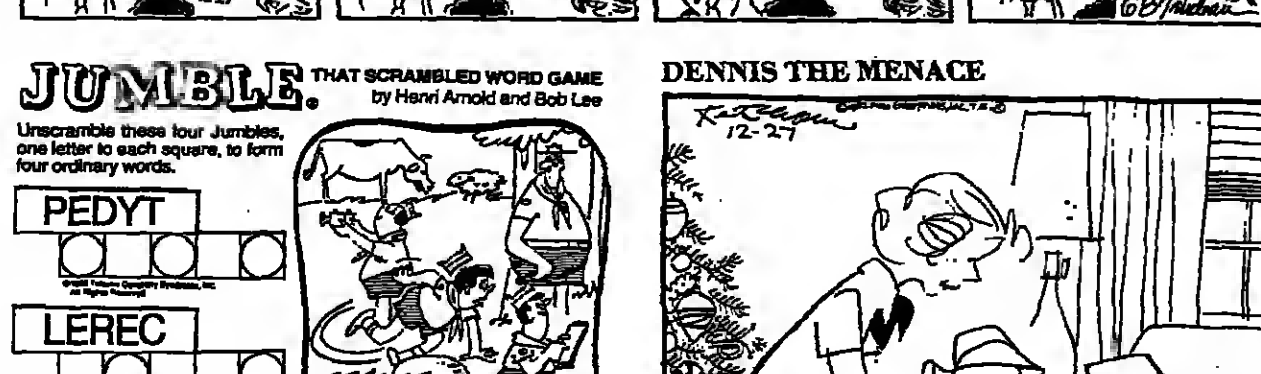
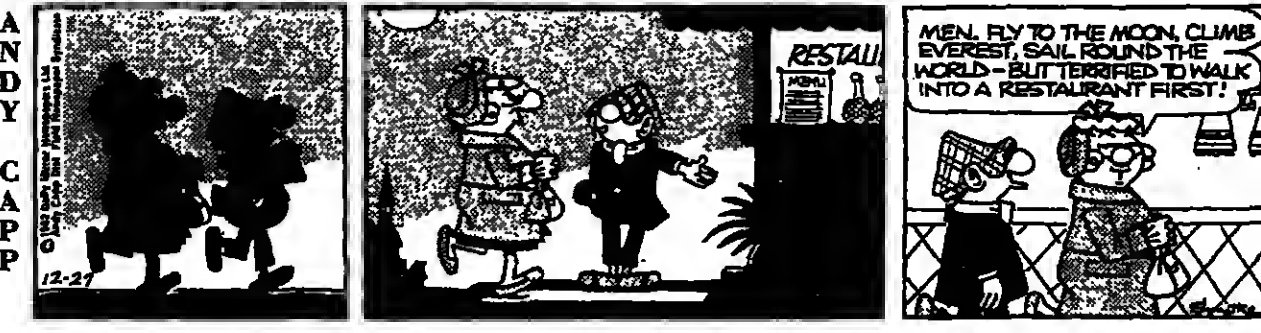
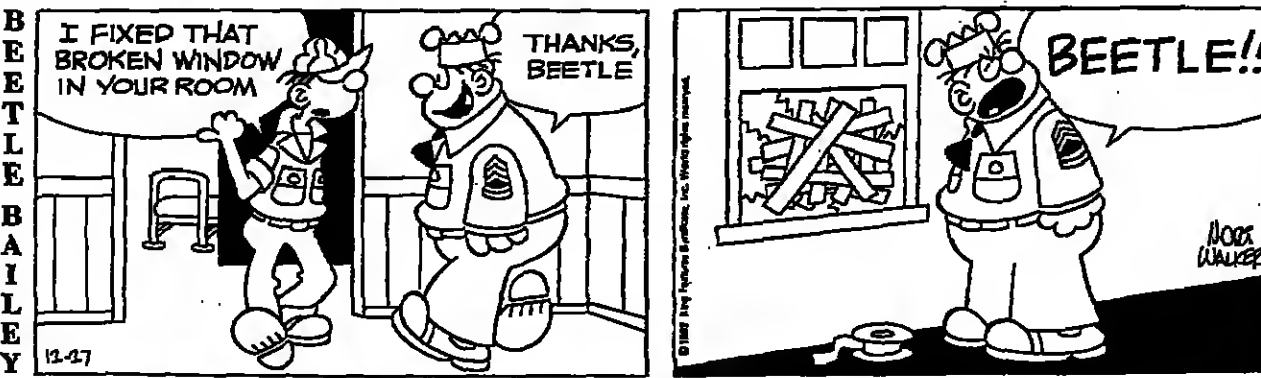
Prices include postage and handling in Europe only. Outside Europe, add \$5 per item for additional postage.

Name _____ (PRINT OR TYPE)

Address _____

City _____

Country _____



BOOKS

SHEIKS AND ADDERS

By Michael Innes. 180 pp. \$10.95.
Dodd, Mead, 79 Madison Ave., New York, N.Y. 10016.

DEATH OF AN ENGLISHMAN

By Magdalen Nabb. 172 pp. \$10.95.
Charles Scribner's, 597 Fifth Ave., New York, 10017.

Reviewed by Anatole Broyard

One of the functions of the mystery novel is to let the reader regress in peace, and wit often interferes with that. It keeps teasing us to take on again the burden of our sophistication. Also, in witty mysteries, the joke begins to extend to the plot, which the reader ceases to take seriously, so that the whole enterprise is likely to collapse into parody. Certainly the most popular mystery writers — such as Helen MacInnes and John Creasy — are deadly serious.

Magdalen Nabb, the author of "Death of an Englishman," is English, too. She has leavened her first mystery novel, not with wit, but humor of a more homespun sort. Here again, the effect is a relaxing of tension, a shift of interest away from the crime and toward the human comedy. Only irony, like the bitter ironies of "Gorky Park" or the Jamesian ones of John Le Carré, seems cruel enough to embellish or enhance a crime.

Nabb, who lives in Florence and has set her mystery there, comes very highly recommended. On the "dark jacket," Georges Simenon calls her book "a very delectable mystery." But when he goes on to say that "it is one of the tastiest books I have read in years," he does seem to be suggesting that this novel is something of a confection.

Carabinieri Bacchi, the young hero in the book, is disarming, and this may not be to everyone's taste. Some of our old-fashioned readers want our policemen to be armed rather than disarmed. Nobody, in fact, not even the villain, is tense with any particular feeling or design in "Death of an Englishman." Rather, it's the city of Florence that does most of the work of carrying the story. Every civilized person is interested in Florence, and Nabb treats us to an operatic traffic jam, a way disjunction on several occasions of Florentine law, and the spectacle of Christmas shoppers from all over the continent thronging the rain-drenched streets. Rain, obviously, is a touch Nabb has borrowed from Simenon.

There's an eccentric old Englishwoman in running shoes who maintains a shrine to the poet Walter Savage Landor, who once lived in Florence. There is even the requisite English vicar and his wife, imported to Florence; it may well be, only because W.H. Auden said that he preferred mysteries that had a vicarage in them.

It's all very civilized, the atmosphere in these two books, and while some cultivated readers will be charmed, others may ask where are the inevitabilities, the furious crimes of yesterday?

Anatole Broyard is on the staff of The New York Times.

BRIDGE

By Alan Truscott

NORTH-South earned a top score on the diagramed deal by good judgment in the bidding and accurate play.

After three passes South had an opportunity to add a fourth pass and end the proceedings. This would have been a reasonable action at rubber bridge, but would have been overly timid in a duplicate contest. South knew that his partner held moderate values, and had good reason to hope that he could make a part-score. If his singleton had been in the spade suit he would have passed, fearing that the opponents would outbid him in that suit.

North's double of the one-diamond overall was negative, in a situation in which expert interpretations vary. Some experts use it to deny substantial values, some to show both majors and some to show at least one major. North-South were using a style in which one spade would have promised a five-card suit, so the double was mandatory.

East completed to three diamonds, which was an accurate judgment. That contract would have failed by one trick because of the heart ruff available to the defenders.

South refused to be shut out and bid three hearts, nervously aware that his partner might place him with more strength. He was happy to pass when North corrected to four clubs, which proved a delicate contract.

Most lines of play would fail, but South navigated a path through the

shoals. He won the opening diamond lead in dummy and ruffed a diamond. Postponing trump leads, he played a spade. West won with the king and persevered with that suit. East continued this process, and South ruffed the fourth round. As West was now marked with five diamonds and two spades, and probably had another high card somewhere in his hand, South played him for the club queen and ruffed with the king.

The next move was to finesse the club nine successfully and ruff the last diamond with the club jack. Another club finesse permitted South to draw the last trump and claim his contract.

Neither side was vulnerable. The bidding:

West North East South

Pass Pass Pass 1♣

1♠ 1♥ 3♣ 3♥

Pass Pass 4♣ Pass

Pass Pass Pass Pass

West led the diamond king.

WEST(D) NORTH EAST SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

♦ KQ10 ♦ KQ10 ♦ KQ10 ♦ KQ10

♣ KQ5 ♣ KQ5 ♣ KQ5 ♣ KQ5

SOUTH

♠ 10963 ♠ 1093 ♠ A72 ♠ A1097

♥ K5 ♥ J85 ♥ KQ10 ♥ KQ10

SPORTS

North Carolina Upsets Texas; Washington Wins



Chris O'Connor (left) barely tipped away this first-half Aloha Bowl pass intended for Maryland's Mike Lewis. Washington won, 21-20, on a touchdown that came with six seconds left in the game.

Compiled by Our Staff From Dispatches

EL PASO, Texas — Backup tailback Ethan Horton ran for 119 yards and one touchdown Saturday to lead North Carolina to a 26-10 upset of Texas in the 49th annual Sun Bowl.

In Honolulu, meanwhile, Washington needed an 11-yard touchdown pass from Tim Cowan to Anthony Allen with six seconds left to defeat Maryland, 21-20, in the inaugural Aloha Bowl.

Horton, whose first carry did not come until midway through the third quarter, was named the most valuable player of the Sun Bowl. He carried the ball 27 carries in replacing tailback Kelvin Bryant, who sprained an ankle early in the second half.

Horton, a 220-pound sophomore, shared MVP honors with Bryant in last year's Gator Bowl victory over Arkansas by rushing for 144 yards. Bryant was hurt after rushing for 45 yards and didn't return to action.

"Ethan Horton was obviously our most valuable," said Dick Crum, North Carolina's coach. "Kevin got hurt and Tyrone Anthony was also hurt. We had only one tailback left, and he had to do the job."

The Tar Heels struggled through an error-prone, wind-blown first half before erupting for three field goals and two touchdowns in the final period.

Both coaches credited a goal-line stand early in the third period with turning the course of the game. Texas was leading, 10-3, and threatening to pull away with the ball at the Carolina 1-yard line.

Ervin Davis, a 225-pound fullback, barreled toward the goal line twice, and twice he came up short, running into cornerback Greg Poole on fourth down as Texas came away empty.

"That was the key to the game," Crum said. The Longhorns' Fred Akers agreed: "They stopped us."

Said Davis: "It was my fault. I thought I saw a sliver of light outside, and when I went for the opening the cornerback came up. I was put in to score and I didn't get it done. I did not do my job."

Rob Rogers, North Carolina's long-distance kicker whose 53-yard field goal in the first half had equaled a school record, started the fourth quarter with a 47-yard field goal. He then recovered his own on-side kick, setting up the drive that ended in a 23-yard field goal by Brooks Barwick, the team's short-distance kicker.

The Tar Heels took a 12-10 lead midway through the fourth quarter when Barwick kicked a 42-yard field goal. His 15th consecutive successful kick this season. Horton upped the lead to 19-10 on a 1-yard run with less than three minutes to play.

Linebacker Mike Wilcher completed the scoring by recovered a fumble by Longhorn quarterback Todd Dodge in the end zone with 1:35 left in the game. Dodge, who completed only six of 22 passes for 50 yards, was replacing regular starter Robert Brewer who broke his thumb in practice Monday.

"Of course, it's an advantage when you can kick with the wind behind you," said Crum, whose team held on to the ball for more

than two-thirds of the second half.

"All our field goals today were kicked with the wind," Akers said. North Carolina "did what they had to do in the second half. I really felt we should have had two more touchdowns, and if we had, I think we would have won. On a day like this, the kicking game and the passing game are most affected."

The Tar Heel defense, ranked second in the country, did not permit the powerful Texas offense to score a touchdown and held its leading rusher, Darryl Clark, to 56 yards on 14 carries.

Texas scored its points when Ronnie Mullins blocked David Lowe's punt and fell on the ball in the end zone for a 7-0 lead with 3:43 left in the first quarter. With 2:18 remaining in the first half, Raul Allegre kicked a 24-yard field goal to give Texas a 10-3 lead.

North Carolina finished the season at 8-4, while Texas was 9-3.

In Honolulu, Washington, trailing 20-14, took over the ball with 3:49 left in game and marched 80 yards for the winning touchdown. Quarterback Cowan completed eight passes for 65 yards during the 17-play drive.

Chuck Nelson kicked the winning point after the touchdown reception by Allen, who caught the ball in the left corner of the end zone, barely staying in bounds.

"I stuck it where I thought I could get it in bounds," said Cowan of his game-winning pass. Added Allen: "Tim didn't give me much room, but he didn't have much room either."

On Maryland's previous series

of downs, Jess Atkinson had an opportunity to put the game out of reach, but missed on a 32-yard field goal. Maryland had taken 5:51 left after the Huskies failed to make a first down on a fake punt.

"The missed field goal gave us a chance," said Washington Coach Don James, whose team finished the season at 10-2. "If he'd made it, it would have been the ball game."

In the first half, Cowan and Allen teamed up on another pair of aerial scores, the first going 27 yards and the second 71.

Cowan, voted the game's most valuable player, completed 33 of 53 passes for 350 yards. His play offset an outstanding performance by Maryland's Boomer Esiason, who hit on 19 of 33 passes for 251 yards and two touchdowns.

Down 14-6, at halftime, Esiason marched Maryland to 14 points to put the Tarps ahead for the first time. 20-14 early in the fourth period. Esiason hit John Tice from 36 yards for a third quarter score and John Nash ran over 2 yards on the first play of the fourth period.

Maryland's first score came in the second quarter after one of four Washington fumbles, with Esiason passing six yards to Dave

NCAA Puts High Price on Sports: A Student's Education...

By Timothy S. Healy, S.J.

New York Times Service

NEW YORK — At its annual meeting in San Diego next month, the National Collegiate Athletic Association, under pressure from the College Football Association,

will try to restructure its Division I basketball competition so that most nonfootball colleges are left out.

Colleges can stay in if they give a large number of athletic scholarships, draw an average of 3,500 spectators to their basketball home games, and fund eight other men's sports.

What is surprising about the proposed change is not that the NCAA is wrong in its reading of what is good for higher education in the United States, but that it is so wrong — indeed, wrong-headed about what is good for the NCAA itself.

This modest proposal, even if it were expanded to oust all colleges

that do not play football, still would not be enough to hold the CFA powerhouses within the NCAA. And it certainly would not make Division I any more logical than it is now, or any more supportive of the real values of higher education.

Much hand wringing goes on about the 16-percent increase in the number of schools in Division I, and a great deal of pious prose comes as wrapping for the proposed changes.

Eight years ago there were 237 colleges in Division I; this year there are 277. Growth thins out championship revenues.

As the NCAA points out, "The Division I men's basketball championship provides more than 60 percent of the total NCAA revenue budget and, obviously, enables the association to maintain numerous essential services for all its members."

Let anyone misread the dollar signs in that, the paragraph goes

on to say that Division I colleges "have created 'the golden goose' and it would be unfortunate if a minority in Division I — a minority in numbers, in quality of teams, and in spectator acceptance — were to be successful in damaging the mechanism that generates substantial benefits for the entire membership."

The football colleges give 86 percent of revenue-producing championships. The battle is thus about the remaining 14 percent. The big schools are saying to the little ones, "My 86 percent is mine, and your 14 percent is negotiable."

The proposal's weakness in the larger world of higher education is immediately obvious.

"A basic purpose of this association," says the NCAA bylaws, "is to maintain intercollegiate athletics as an integral part of the educational program, and the athlete as an integral part of the student body and, by so doing, retain a clear line of demarcation between

college athletics and professional sports."

But an examination of the proposed changes reveals major contradictions with the three stated purposes of the NCAA.

The first purpose of the NCAA is to "maintain intercollegiate athletics as an integral part of the educational program." It is fascinating to watch the NCAA, through these new rules, turn itself into one of the lesser and more intrusive accrediting agencies that infest universities.

The association makes a great deal of the connection between academics and athletics, but sets out only three requirements. A university or college must sponsor a "broad-based program," conduct all or nearly all of its sports on a "legitimate" Division I level, and make annual scholarship commitments of somewhere between \$200,000 and \$400,000.

The NCAA may feel that this will make certain that athletics are

connected to education, but the logical connection escapes this writer.

The new rules thus cast the NCAA as an accrediting agency nosing around the internal business of the university and focusing squarely on process and not on product.

The association wants to guarantee a "broad-based program" and make it "legitimate," but the way it proposes to verify both is to count the spectators the program draws and the amount of money the school spends on athletics, and to oversee the distribution of the school's budget among athletics and other student activities.

In other words, the professional athletic directors who make up most of the voting body of the NCAA will return to their campuses and inform university presidents and boards of trustees that "thus ye shall do" or face exclusion. If that becomes standard NCAA practice, the College Football Association probably will find every serious college and university working with it to dismantle the NCAA.

For the second purpose — the integration of athletics with the rest of the student body — the proposals are even more shocking.

For the 1981 athletic year, statistics compiled by The Sporting News in a survey of the major athletic conferences reveal the graduation rates (within four years) of basketball players. They run from 100 percent in the Ivy League to 67 percent in the Southwest Conference; the average for the 20 major conferences stands at 45 percent.

Four conferences graduate 60 percent or more of their seniors: the Ivy, the Big East, the Atlantic Ten, the Southern. Four more conferences equal or top the national average. All the rest fall below this average, with figures such as 36.6 percent for the Atlantic Coast Conference, and 30.4 percent for the Big Ten.

If this is to "maintain... the athlete as an integral part of the student body," we are all talking NewSpeak.

The final purpose the NCAA puts forward to an admiring world is to "retain a clear line of demarcation between professional and amateur sports." To add up budget totals and count spectators is not only to employ a professional canon, but also to rely on professional suppositions, a whole set of them.

The thrust of the current proposal is to blur even further the line between professional and amateur, to let intercollegiate athletics be the canons and norms of professional sports, and thus subscribe to the delusion that bigger is always better.

Whether the college presidents will be able to end this itch for grandiosity on the part of their athletic associations and the NCAA remains an open question. The American Council on Education has set up a committee of presidents that is addressing the problems of athletics.

The presidents are looking at academic performance, the limitation of eligibility, the just disposition of scholarship money, and the length of athletic seasons; all things that the NCAA wishes to reserve to its own self-serving purposes. If the presidents are sufficiently exercised, the NCAA may be forced to put its norms for Division I in academic and not in sports-professional terms.

This would force a few colleges and universities out of the singularly inappropriate trade of using students. It might also make it harder for the CFA to desert the NCAA fold after all.

No matter what the athletic director wants, the president and the board of trustees will take a dim view of handing their institution publicly as one that does not know the difference between pro and amateur or, rather more painfully, between its own young as students and, as tools of institutional fund raising.

It may be that some of the schools slated for exclusion under these new rules have something to teach the CFA powers that might change the odds for the next group of athletes who after four years will not graduate.

These colleges include Fairfield, Drexel, George Washington, Santa Barbara, Hofstra, Manhattan, the University of Vermont, St. Peter's, and Wagner College. None of these are football powers, and none is likely to be, but all take basketball seriously.

And, much to the point, all of them care for their students and fight to help them graduate.

Timothy S. Healy, S.J., is president of Georgetown University.



North Carolina back Kelvin Bryant, on the move against Texas.

Dickey, Packers Bury Falcons, 38-7

Compiled by Our Staff From Dispatches

ATLANTA — Quarterback Lynn Dickey teamed with James Lofton on touchdown passes of 80 and 53 yards and Eddie Ivey ran for two more scores, sparking Green Bay to a 38-7 shellacking of the Atlanta Falcons here Sunday and ending the Packers' spot in the National Football League playoffs.

Green Bay, 5-2-1, shut down the NFL's leading ground attack and snuffed a three-game Falcon winning streak. Atlanta got its only touchdown on a 3-yard pass from Steve Barkowski to William Andrews in the second quarter, cutting the Packers lead to 14-7.

But the Dickey-Lofton TD bombs, coming with 1:47 left in the second quarter and 8:12 left in the third, turned the game into a rout. It was Atlanta's worst defeat since a 37-6 loss to New Orleans in 1979. Dickey completed 10 of 17 passes for 248 yards in just over three quarters of action.

The Packers drove 80 yards for their first touchdown, the key play being a 43-yard pass-interference call on Atlanta's Bobby Butler that put the ball on the Falcons 25. Ivey scored on a 2-yard blast off left tackle with 1:31 left in the first quarter.

Dickey hit rookie Phil Epps with a 50-yard pass down the right sideline to the Atlanta 12 to set up the winners' second touchdown, which came on Ivey's 12-yard sweep around left end.

The Falcons then drove 79 yards to their only score when Barkowski, who hit on 24 of 35 passes for 267 yards, completed throws of 18 and 17 yards to Floyd Hodge and 20 yards to Andrews before hitting the latter from three yards out for the score.

The Packers answered immediately when Lofton got behind Kenny Johnson for his 80-yard score 1:47 before halftime. The TD pass was the longest of the year for Dickey and the longest scoring reception of Lofton's career.

Transition

BASEBALL
CINCINNATI — Signed Tom Horan, pitcher, to a four-year, guaranteed contract.
MONTREAL — Signed Wally Pfister, pitcher, to a one-year contract.

FOOTBALL
HOUSTON — Announced the resignation of Jim Shriver, offensive coordinator.
NEW ORLEANS — Activated Marvin Lewis, running back, from the injured reserve list.
N.Y. GIANTS — Activated Gary Jeter, defensive end, and placed Jim Bart, defensive end, on the injured reserve list.
ST. LOUIS — Announced the retirement of Roosevelt Warlick, cornerback, effective at the end of the season.

United States Football League
LOS ANGELES — Named Steve Shofar as assistant coach.
GRAND VALLEY STATE — Named Robert Cleary head football coach.
KENTUCKY ST. — Named Larry Kirksey head football coach.

LOUISIANA TECH — Named A.L. Williams head football coach.
MISSISSIPPI — Named Billy Brewer head football coach.
N. MICHIGAN — Named Herb Grunke head football coach.

The Packers made it 28-7 when Lofton beat Johnson again for a 57-yard TD catch in the third period and then added the final touchdown on a 9-yard run by rookie Del Rodgers on the first play of the fourth period.

Green Bay's Jan Stenerud closed out the scoring with a 22-yard field goal with 11:22 left in the game.

Steelers 37, Patriots 14

In Pittsburgh, Terry Bradshaw passed for 282 yards and two touchdowns to lead the Steelers to a 37-14 victory over New England.

NFL ROUNDOUP

Bradshaw completed 17 of 27 passes, including a 9-yarder for a touchdown to John Stallworth in the second quarter and a 46-yard TD bomb to Greg Hawbarne in the final period.

The victory by the 5-3 Steelers spoiled a fine performance backup Patriot quarterback Matt Cavanaugh, who came off the bench after Steve Grogan suffered a mild concussion and Tom Flink proved ineffective. Cavanaugh passed for 218 yards and two touchdowns in the game's final 20 minutes.

Rookie Gary Anderson kicked field goals of 21, 25 and 44 yards and four extra points for the winners. Frank Pollard scored the Steelers' first touchdown on a 1-yard plunge and Walter Abercrombie scored his first pro touchdown, also from the one, in the fourth quarter. Steeler Franco Harris rushed for 101 yards on 23 carries, giving him the 41st 100

...But the Owner-Agent Price Is Oh, So Right



Yankee Owner George Steinbrenner. After a disastrous go-go experiment, \$11 million for free agents.

By Shirley Povich

Washington Post Service

WASHINGTON — It all got going in 1975 with Catfish Hunter. He put his services on the open market and... was snatched up, predictably, by George Steinbrenner. The New York Yankee offer that Hunter leaped at, in an era when the \$100,000 pitcher was a rarity, was for \$2.85 million for five seasons' work.

The Catfish Hunter windfall sent pleasant shivers out to the whole player community. It left them stinging at the prospect of the riches in store. They were not disappointed.

But seven years later, Hunter would learn that he had sold himself cheaply for a \$750,000 a year pittance, compared to these times in baseball.

Recently, a pitcher who never had a winning season got a five-year, \$4.5 million deal. That was Floyd Bannister, with a career record of 51-68, a one-season high of 12 victories in dull contrast to the four consecutive 20-victory seasons Hunter could show the Yankees in 1975, including his last one, a 25-12 performance for Oakland.

Oh, to be a baseball free agent in these times and be in demand by pennant-hungry, egocentric club owners, mostly newcomers to baseball, who somehow are bereft of their sense of the business sense that enabled them to gain the

wealth to buy a team in the first place.

Last week, free agent Steve Garvey, whose credentials as a first baseman-hitter fall far shy of Hunter's as a pitcher, signed a basic \$6.6 million contract with San Diego for five years, or a guaranteed \$1,320,000 a year. With incentive bonuses it could add up to a \$9 million security blanket for Garvey.

Today's agents know where the big money is. They are cunning, artful and business-wise. And aware of which club owners' obsessions to play on, how to set one club owner against another, how to pump up their clients' importance to a team and get more money for him, and not incidentally, for themselves.

Dick Moss, a respected attorney-agent, was the one who negotiated Steve Kemp into his \$5.5-million, five-year deal with the Yankees, who, according to sources, weren't even in the hunt for Kemp until late in the game.

There was the strong suggestion that Baltimore and Milwaukee were hot on the trail of the former Chicago White Sox outfielder — including radio interviews that had Kemp saying he'd just love to play with the Orioles. Steinbrenner reacted.

Ha, thought Steinbrenner. Those are the two teams the Yankees will have to lick next season.

The Orioles or Brewers must not sign Kemp.

The Yankees must sign Kemp. Price no object, at least not much of one.

So Moss got his man that good deal, from circumstances calculated to scare the hell out of Steinbrenner.

According to sources, Milwaukee wasn't much interested in Kemp and the Orioles were in no hurry to negotiate with him. The closest the Orioles got to a discussion about Kemp was to schedule a meeting with him or his agent a week after the Honolulu baseball meetings.

Meantime, Steinbrenner got into the act. Just as, no doubt, Moss had hoped.

Agent Jerry Kapstein's ability to get Don Baylor a reported \$3.675-million, four-year package from the Yankees was even more of a triumph.

Baylor, at 33, is strictly a designated hitter, lacking the speed that once permitted him to play the outfield for Baltimore and the California Angels, his only contribution could be with the bat as a DH on a Yankee team that already carried five designated hitters. And Baylor's 263 average with the Angels last season wasn't all that great.

But Kapstein knew which of his customers had the deepest pockets. Steinbrenner, of course. He knew Steinbrenner to be an addicted hero worshiper who had seen power-hitter Baylor drive in those 10 big runs in the 1982 playoffs against Milwaukee, and was impressed with how fierce he looked up there at the plate.

He also knew that Steinbrenner had launched his experiment of last year — changing the image of the Yankees to a go-go team, built for speed (a disastrous experiment that saw them steal fewer bases than the previous year). So Kapstein sold 'em Baylor.

To underscore the progress of free-agent society, consider Baylor's history.

Six years ago, in his first venture as a free agent when he was a mere 27 and still useful as an outfielder, he signed with California for less than half as much as he gained from the Yankees at 33.

The agents know whose is the liveliest checkbook. With the addition of pitcher Bob Shirley, who got a three-year, \$1.5-million guaranteed deal, Steinbrenner in one period this month committed the Yankees to more than \$11 million worth of free agents.

No other owner has been as reckless as Steinbrenner, who is undisciplined despite having more than his share of free-agent flops and bust-outs.

other club owner. He has that \$100 million committed from future cable TV revenues, for the next 10 years. That lets him go to the bank and finance anything he likes.

"No other team has a stake like that," How do teams pay the kind of salaries allotted to high-priced free agents?

Often there are deferral payments, sometimes called "discount dollars." But ultimately there must be a day of reckoning. There is a limit to what any club can generate at the gate, and all teams confess they are anxiously exploring cable revenue.

There is always curiosity as to exactly how some of the free-agent hotshots are paid on their multimillion-dollar contracts. It may be illustrated by one reported breakdown of Steve Kemp's contract, which stipulates:

- \$300,000 bonus for signing.
- \$650,000 in each of first two years.
- \$950,000 in third year.
- \$1 million in the fourth year.
- \$1.1 million in the fifth year.
- \$600,000 in each of first two years after contract ends.

A little perspective may be in order. Take the salary figures of the Washington Senators of 1905: in that year, the payroll for all 18 players, plus the manager — everybody, for the entire season — totaled \$39,203.71.



Steve Kemp. A fat five years.

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

WORLD SERVICE

10 NEWS

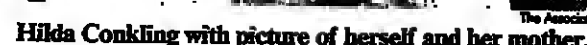
WORLD SERVICE

Time and the Analog

The Child Poet

The 'Cutting and Drying' Of Hilda Conkling

"Mother was very dominating, and she was often high-handed and adamant in her decisions. It was always: Do this, that, and the other thing. To be fair, she was just as hard on herself as she was on my sister and me. But she was difficult to get along with."



To the Stone Forest

Within walking distance of the Stone Forest Hotel is the Five Trees Village where sows sleep in

CLASSIFIED ADVERTISEMENTS

AMERICA CALLING

PBR&A Communications "message" service. Write: Box 6262, Olympia WA, 98502 USA.

SEASON'S GREETINGS

THIS SPACE IS FOR YOU
Send someone special
or New Year's message.
Paris 747 12 65 and 261 + 212
for the lift off from your country

ANNOUNCEMENTS

DIVORCE IN 24 HOURS
Mutual or contested divorces low cost.
Haiti or American Republics. Information,
ask \$275 for 24 hours complete legal
handling by Dr. F. Georges, D.C.,
1406GEE, Saint Air, Washington D.C.
20004, USA Tel: 425-851

"FEELING BLUE"? - having problems?
SOC HELP available in English, 3 pm-11
pm. Paris Tel: 723 80 80.

ALCOHOLICS ANONYMOUS
in English daily. Paris 634 69 65.

PERSONALS

MARRIAGE & SWEET KISSES on your
warm Caribbean, Love, Fred.

MOVING

ONTARIO TEL. 281 18 ST PARIS
(NORTH OPA) AIR & Sea to all countries.
Economy rates. Also baggage.
1406GEE, Saint Air, Washington D.C.
20004, TRANSCAR, Paris. (F) 503 03 04.

REAL ESTATE FOR SALE

FRENCH PROVINCES

COTE D'AZUR
ST SEBASTIAN PERPET
Beautiful apartment, very high class,
contemporary, panoramic view sea, 3
rooms, 2 bathrooms, fully equipped.
AGENCE BOUTON
Place Carnot, Paris (M) 05310
Tel: (P) 90 01 30.

HUVRAY-JOISE+2 HOUSES PARIS.
Unfurnished house built 1702, re-
novated, 10 rooms, 5 bedrooms, 2 baths,
central heating, floor separation, large
wooden, 2200 sqm, well-fitted in com-
modious modern kitchen, office and gar-
age privacy. Dd01.0000. Par 15726,
Marais district, 75221 Neuilly Cedex,

REAL ESTATE FOR SALE

USA COMMERCIAL & INDUSTRIAL

PRIME PROPERTY FOR SALE in Las Vegas casino center, doublewide lot pays bonus exit 4 apartment rental pays bonus exit 2 commercial units. Call: 1-800-626-6666. United States 226,000. Mortgage company. 100% cash offer. 80% pre-paid financing. 3454 Hwy Marlene, Las Vegas, Nevada, USA 89121.

REAL ESTATE TO RENT/SHARE

PARIS AREA FURNISHED

STAYING IN PARIS?
FURNISHED & UNFURNISHED FIRST-CLASS APARTMENTS.
Also flats & houses for sale.
INTER OFFICE, 1 rue Moliere, Paris (8e), Tel: 563.7177.

PARIS AREA UNFURNISHED
WITH BLUE DECORATIONS. Old build-
ing, 5 rooms, 2 baths, newly restored.
765.000. Tel: 500 43 51.

EMPLOYMENT

SECRETARIAT POSITIONS AVAILABLE

MINERVE SEEKS for AMERICAN FIRMS in PARIS:
English, Belgian, Dutch or German secretaries, knowledge of French required, English shorthand preferred. White telephone number Victor Hugo, 75116 Paris, Tel: 727 61 69.

Don't miss INTERNATIONAL SECRETARIAL POSITIONS TUESDAYS In the INT Classified Section.

BILINGUAL SECRETARY English or French national for US company. Call Int'l 723 94 04 - 39 Ave Champs Elyses, Paris 8th.

SECRETARIES AVAILABLE

NESD TEMPORARY HELPY GR INTERIM
Tel: 223 92 59 04

TEACHING POSITIONS AVAILABLE

SWANN FORMATION requires experienced international business English teachers. Many years of teaching experience. Work periods: evening, Thurs 7 PM to 8 PM for appointment.

LANGUAGE SOCIETY seeks part-time English teachers for British or American students. BBC or equivalent. Call SOFOK Langueurs, Paris 747 12 50.

DOMESTIC POSITIONS WANTED

ENGLISH MAINTENANCE & Mothers' Help Part time new, North America, 37 Grand Parc, Montreal, Quebec, Canada, Tel: 392-1978.

YOUNG ENGLISH can provide now, France. Tel: (P) 75 86 68 available

AUTO RENTALS

PRESTIGE AUTO EXOTIC Rentals, Golf, BMW, Ferrari, Mercedes, Renault, Alfa Romeo. Paris, 1017 78 47/52

AUTO SHIPPING

VISA CAR SHIPING
3+. Scheffler, Paris 16e Tel: (F) 553 71 29

SHIP YOUR CAR TO A FROM USA VIA ANTWERP AND SAVE. Free hotel, regular salaries, JFK/McArthur Airport delivery, AVISCOC, Volvoo. Tel: 2 Anvers, Belgium. Tel: 714691, Tel: 633-721 42 39.

TRANSCAR 20 van Le Super, 75116 Paris, Tel: 500 03 04, Nices, 83 95 30. Antwerp 31 06 10. Comes 39 43 44.

FRANKESTER WHITE VAN, GERMANLY, HJ Jeumont GmbH, Tel: 0611-1488071. Pick-up of over Europe w/o no-charge.

AUTOS TAX FREE

FROM STOCK
Mercedes 200 300, Corolla, used Mercedes 300 SEL, USA, whitecar Mercedes 500 SEL, new, front wheel drive, 1980, new champagne Mercedes 289 SL, new, Italianizer Bayern, Land Rover, Porsche etc. Leading motels available. Some city registration possible.

ICKOVITS
Carlsruhe-swiss, CFV-8027 Zurich Tel: 01 202 76 18. Telex: 33444.

ROLLS-ROYCE BRITISH MOTORS WRIGHT BROTHERS

MONTRE-CARLO
TEL (0)1 64 84 84
Tél: 454745 MK
SELVAZIO - OLIVER SPUR
SHADLOW - CORROCHE
CARMACHE - PHANTOM V
FOR SERVICE IN BELGIUM

TRANSCO TAX FREE CARS

We keep a constant stock of more than one hundred brand new cars, completely private.
Sent for free catalogue & book let.
Transco Cars Ltd, 200 Avenue de la Nation, 2000 Antwerpen, Belgium. Tel: 03-542 62 40, (10 lined).

The 2507 TRANS B

EUROPOST TAX FREE CARS
All makes. Call for free catalog Booklet 0111, Rotterdam Airport, Holland Tel: 010-626666

LEGAL SERVICES

USTA TAX CLINIC & NEWSLETTER
Tax lawyer & CPA give written answers to questions specific tax ques-tions. For details send name, address, phone, ZIP, 22521 Nautilus Cedex, France.

US, TAX, VISA & IMMIGRATION CONSULTANTS USA, 91 Rue de Valenciennes, Paris Tel: 266 90 75. The 62066 F. Tax RETURNS PREPARED.

SERVICES

YOUNG LADY PR/Interpreter & Tourist Guide Excellent Presentation

French-English
Paris: 562 05 87

PAIRS LAIDY, travel companion & guide. Paris 757 62 48 or Par 112. Herald Tribune, 22221 Nautilus Cedex France.

LADY INTERPRETER & travel companion. Paris Tel: 633 68 09.

PARIS - YOUNG LADY FR /companion. Excellent presentation. Paris Tel: 562 05 87.

FR Young Lady, bilingual, excellent appearance. Paris 527 01 93.

LOW COST FLIGHTS

TO USA OR WORLDWIDE, asked you US travel agent. Paris 225 92 79.

HOTELS RESTAURANTS NIGHT CLUBS

PHILIPPINES

MARIA MIDTOWN HOTEL, 600 rooms in the heart of Manila's tourist belt. Ample entertainment & bars, restaurants, 10 restaurants and buffet dining room, swimming pool, tennis courts, shopping complex, 3 theaters. Single/double occupancy. Rates reserved. Fully guaranteed. Address: Pinaric St., Ermita, Manila, Tel: 57911. PO Box 232 Manila, City, Philippines-Ho-no-Kai. Tel: 2777 MINIMO PL

U.S.A.

TUDOR HOTEL, 304 East 42nd St., New York City. In fashionable, East Side Manhattan. 16 floors from Upper East from \$39 doubles from \$66. Tel: 42291. Tel: 800-522-7558

SHOPPING

HANDMADE PORTRAITS on canvas from your photos. Send photos to S.D. Sachdev, 127 Any Gardens, Tikik New York, New Delhi-18, India.

PAGE 9 FOR MORE CLASSIFIEDS

International Business Message Center

ATTENTION BUSINESSMEN: Publish your business message in the *International Trade Tribune*, where more than a third of a million readers worldwide, most of whom are in business and industry, will read it. Just telex us (Paris 613595) before 4 a.m., ensuring that we can telex you back, and your message will appear within 24 hours. The rate is U.S. \$8.45 or local equivalent per line. You must include complete and verifiable billing address.

LIVE IN THE OLD PARS

in heart of the MARAZ, 11th century
residences, studios & apartments, 2, 3,
4 rooms duplexes. To visit call
CAROL PATRICK HUNLEY
Tel: 745 66 22.

BUSINESS OPPORTUNITIES

C.C.M.

'The Company People'

Formations in L.O.M. Ukraine, Viet Nam,
Tunisia, Antigua, Guyanese, etc. Full
backpack provided including routine
shareholdings, directors, administration
and secretarial services. Terms formed
and administrative costs as low as
5 Upper Church St., Douglas, L.O.M.
Tel Douglas 0620 2523.
Tel 02790 COMON G

BUSINESS OPPORTUNITIES

HONG KONG CORPORATIONS for
S175 S.R. Ltd, 701, 35 Queens Road
Hong Kong. Tel 5-236672. The 8870.

FINANCIAL INVESTMENTS

TEXTILE CO. Family owned Canadian
knit manufacturing company in busi-
ness over 50 years. 100% cash and
1% mortgage well secured. Contact
P.O. Box 160, Corleton Place, Ontario,
Canada.

OFFICE SERVICES

ZURICH - ZURICH - ZURICH - ZURICH

YOUR INTEGRATED BUSINESS SERVICES COMPANY IN THE FINANCIAL CENTER OF ZURICH

- Your offices away from home
- Mailroom and secretarial
- Mail collecting and forwarding service
- Personalized telephone and telex service
- Advice and Assistance in founding companies

Business Services Consult Corp.
K. Klopfer
(between Bahnhofstrasse and Rennweg)
CH-8001 Zurich, Switzerland
Tel: 01 271 91 97, Telex: 213582 BSCC

EUROPE

Amsterdam: Affairs Grr
Tel: 26 36 15,
Athens: J.C. Remessens
Tel: 261 83 67/340 24 21.
Brussels: Arthur Moisser
Tel: 343 19 98
Frankfurt: H. Jung or S. Konrad
Tel: 27 69 55
London: Guy van Thuyne
Tel: 28 58 84
Lisbon: Rita Amor
Tel: 67 27 93 & 66 25 44.
Londres: Michael Mitchell
Tel: 01 636 4802.
Madrid: A. Urdinola Sarmiento
Tel: 455 28 51 & 455 33 06.
Rome: Antonio Santoro
Tel: 679 34 37
Vienna: Melvin White
Tel: 52 63 97

SWITZERLAND

GSTAAD VALLEY

We are selling exclusive and comfortable vacation homes
Apartment from SF154,000
to SF395,000.

comprehensive range of services
"to be done" such as maintenance,
W, new & used systems for immediate
delivery. \$10,000 - \$35,000. Karen
Grady Dept. 100, Pfeleach 17062,
5 Upper Church St., Douglas, L.O.M.
Tel 0611-74988. The 41273, KEMA.

COMPUTER PORTRAITS

Printed on L.O.M. photo
film, on off-beat business that can earn
you \$2,000 - \$3,000 weekly. Order 2 or
W, new & used systems for immediate
delivery. \$10,000 - \$35,000. Karen
Grady Dept. 100, Pfeleach 17062,
5 Upper Church St., Douglas, L.O.M.
Tel 0611-74988. The 41273, KEMA.

DIAMONDS

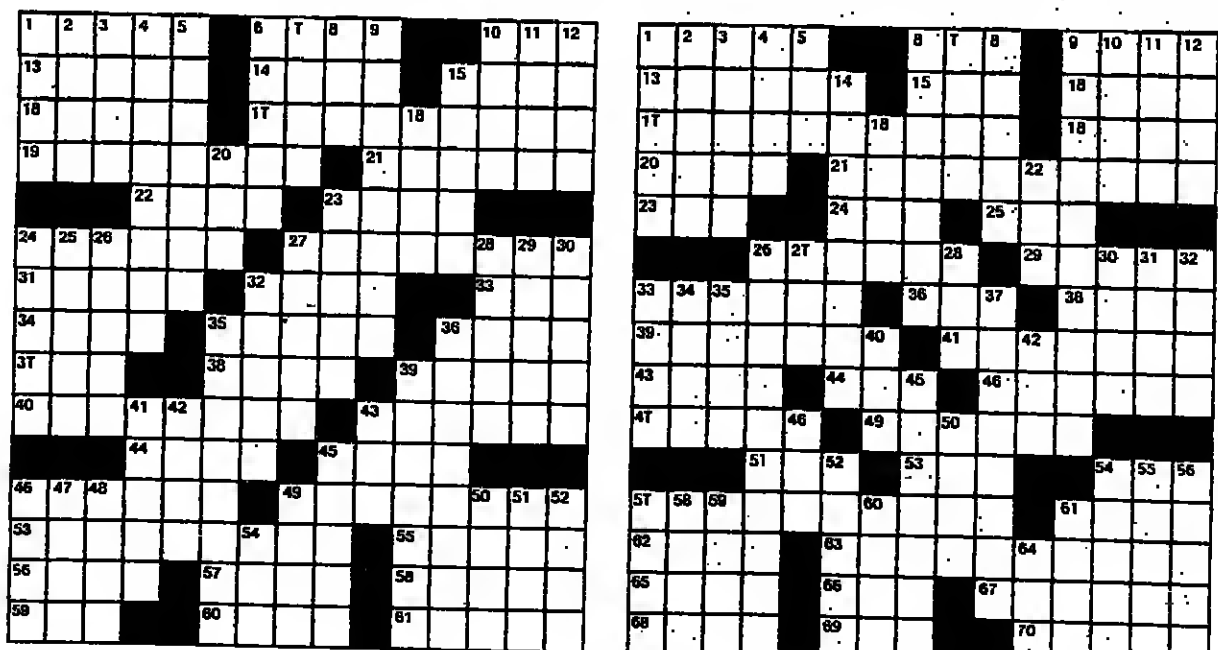
Your best buy.
Fine diamonds in very price range
at lowest wholesale prices
direct from Antwerp
center of the diamond world.
Full guarantee.
For free price list write to
Joachim Goldstein
diamonddealer
Postfach 202, D-52000
Bonnheim - Tel: (02-32) 2407 51.
The 71779 591 JA in the Diamond Club
Heart of the Antwerp Diamond Industry.

INTERNATIONAL WORLDWIDE

Swiss Land Registry
The valley - call 025 / 4 92 15
completely. U.S. \$100,000 - \$145,000.
Call 025 / 4 92 15 10, Geneva.
To the U.S. \$100,000 - \$145,000.
Please write to: HLF Box 1830,
Frederickville, Va. 22009 / FAX,
Washington, Va. 22009 / FAX.

Question:
ers meaning two-for-one

(See bottom of the page for answer)



If you purchased this Trib at a newsstand, you're already enjoying a rare bargain—the whole world in just a few tightly written, fact-packed pages. You're reading a product created by scores of journalists working day and night from dozens of dis-

By *subscribing to the International Herald Tribune* for six months or a year, you receive each copy at almost *half the newsstand price*. Up to 46% off, to be precise, depending on where you live. Twice as many Tribs for your money.

day's closing business tabulations, buy-and-sell reports from the international marketplace, at-the-stadium recaps of just-completed matches, what's happening in the world of culture—and all in an international perspective.

But why not **double** the bargain? Enjoy twice as many newspapers with double the price of a cup of coffee.

Subscribe **now** and we'll speed bargain-price Tribes to your home or office from our various simultaneous distribution points in Paris, London, Zurich and Hong Kong.

Double the value of the Trib by halving its price.

Subscribe now so you don't miss a single issue.

Join the global who's who of thought-leader readers who turn to each morning's *Triib* for the latest in objectively reported world news, briskly written opinion, the

Answer: Trib

(values valid through April 30, 1983)			
COUNTRY	1 year	6 months	3 months
Austria.....A.Sch.	3,050	1,525	840
Belgium.....B.Fr.	6,000	3,000	1,650
Denmark.....D.Kr.	1,400	700	400
Finland.....F.M.	990	495	270
France.....F.Fr.	800	400	220
Germany.....D.M.	360	180	100
Great Britain.....£	62	31	18
Greece.....Dr.	8,000	4,000	2,250
Ireland.....£Ir.	90	45	25
Italy.....Lfr.	165,000	82,500	45,500
Luxembourg.....Ff.	406	203	115
Netherlands.....Fl.	406	203	115
Norway.....N.Kr.	1,120	560	308
Portugal.....Esc.	8,660	4,330	2,400
Spain.....Ptas.	14,200	7,100	3,900
Sweden.....S.Kr.	590	295	160
Switzerland.....S.Fr.	320	160	90
Rest of Europe, North Africa and former French Africa, U.S.A.....\$	256	128	71
Rest French Polynesia, Alaska.....\$	264	132	72
Rest of Africa, Canada, Latin America, Gulf States and Asia.....\$	352	176	98

IMPORTANT: Payment must be enclosed with this form to validate your subscription. Please make checks payable to the International Herald Tribune. Do not send cash. Pro-forma invoices are available upon request.

Answer: Trib

To: Subscription Manager, International Herald Tribune
181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.
Telephone: 747.12.65. Telex: 617832

☐ Yes, I would like to accept your bargain offer. Please send me the International Herald Tribune for the time period and at the reduced price circled on this coupon.

My name _____ 27-12-82
Address _____

City _____

JOB/Profession	Nationality
Company activity	

Herald Tribune
INTERNATIONAL
Published With The New York Times and The Washington Post

هكذا من الدُّهْلِ